

JPRS-LAM-84-122

6 November 1984

# Latin America Report

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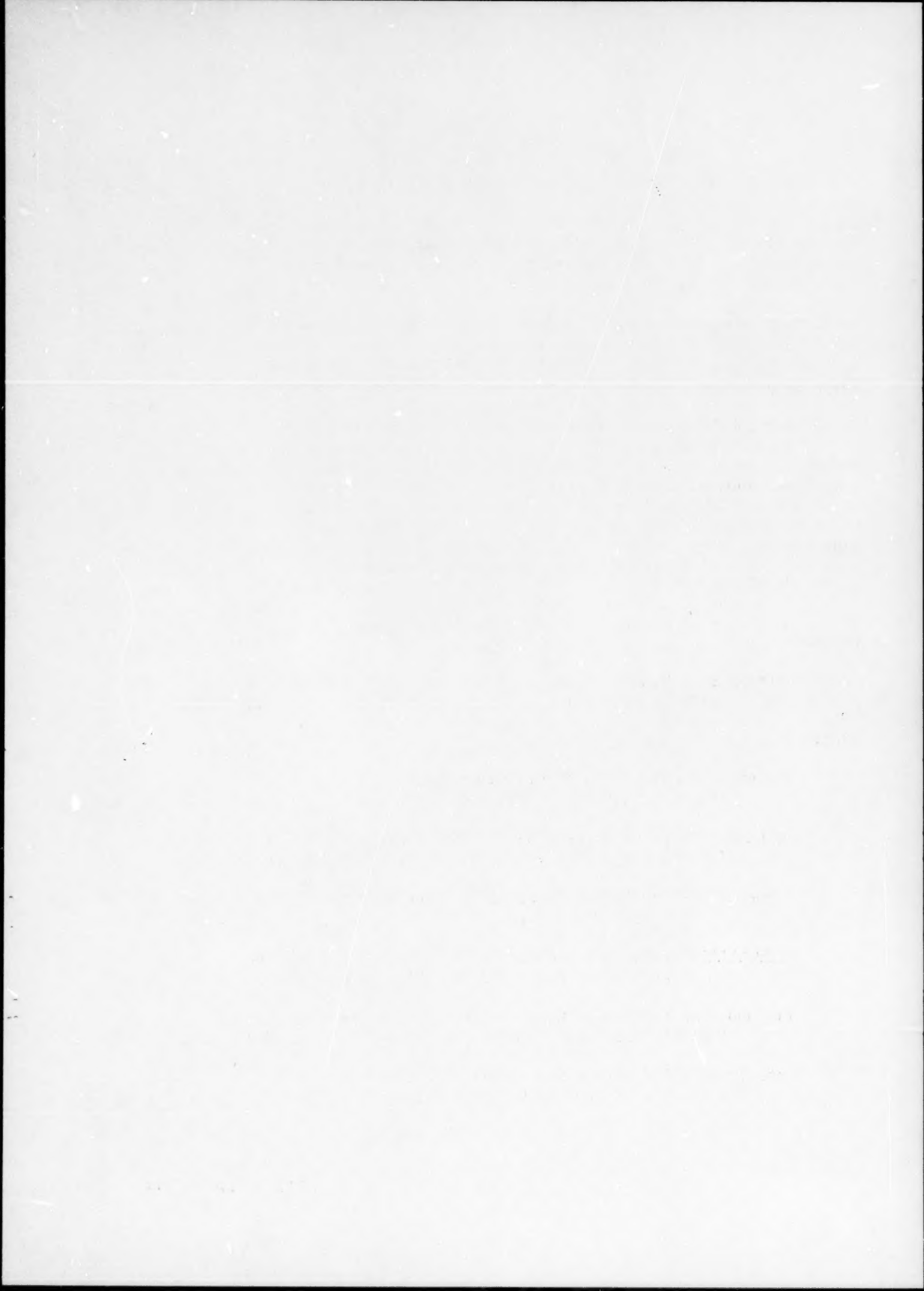
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6 November 1984

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CARICOM SECRETARIAT STATEMENT ON RULES OF PRODUCT ORIGIN

FL172252 Bridgetown CANA in English 2057 GMT 17 Oct 84

[Text] Georgetown, Oct 17--Manufacturers in the less developed countries (LDC's) of the Caribbean Community and Common Market (CARICOM) will soon have to increase the amount of local or regional value contributed by their manufacturing or assembly operations for their products to be eligible for free access to the Common Market, it was officially announced here today.

According to a statement from the CARICOM Secretariat, from January 1, 1985, "the local or regional input for these products would have to be 30 percent of the value of the products instead of 20 percent as is the case now."

It said the new conditions "which affect manufacturers of stoves, refrigerators, and certain other products being traded within CARICOM, have been approved by the Common Market Council."

"But the change would not apply where production of the particular goods takes place in the more developed countries (MDC's) whose manufacturers will continue to operate under a value limit on foreign materials of 65 percent of the export price of the finished product," it said.

The change in the rules of origin was a result of a decision taken at last July's Bahamas summit of CARICOM heads of government during which member states of the 13-nation regional trading grouping complained of problems in the operation of the rules.

It was alleged that some small states assembled and relabeled items from extra-regional countries and exported them within CARICOM as having been made in that particular state, thereby circumventing the rules of origin criteria.

"Some felt that because of the low level of added value which the LDC manufacturers had to satisfy under the rules of origin, it was easy for goods, almost completely finished in the form in which they were imported from extra-regional sources, to be subjected to relatively minimal working in the importing LDC and then be exported to another member country as a product eligible for Common Market treatment," the statement said.

The rules of origin used within CARICOM are a way of determining whether an item is produced or originated in a member state and therefore eligible for free access to the regional market.

CSO: 3298/087

BARBADOS WORKING TO IMPROVE TIES WITH TRINIDAD, GUYANA

FL111954 Bridgetown. CANA in English 1751 GMT 11 Oct 84

[Text] Bridgetown, Oct 11--Barbados is working towards improved relations with Trinidad and Tobago and Guyana, two of its partners in the 13-nation Caribbean Community (CARICOM), THE NATION reported today.

Quoting comments by Foreign Minister Louis Tull in New York, the paper said discussions at the level of officials would begin shortly between Bridgetown and Port-of-Spain with a view to resolving differences between the two governments.

"Civil aviation and air services arrangements, trade and several other issues are earmarked. The two governments have agreed for an exchange of missions at the level of officials, and I believe that in the very near future, a mission will be going from Barbados to Port-of-Spain to start these discussions," Tull said.

THE NATION said discussions were taking place between Barbados and Guyana that could lead to joint economic projects "valued at millions of dollars." Areas under consideration for the ventures involve fishing and timber, top officials of Barbados and Guyana indicated.

"I don't think the terms and the proposals of the projects involving Barbados and Guyana have been fully worked," Guyana's Foreign Minister Rashleigh Jackson was quoted as saying in New York.

Tull said he hoped the forthcoming bilateral discussions between Barbados and Trinidad and Tobago would lay the groundwork for talks at the ministerial level.

He also indicated that the two countries might soon exchange resident ambassadors, saying Port-of-Spain was in the process of selecting "the right person" while Barbados had already made its choice.

Trinidad and Tobago's last resident high commissioner here, Basil Pitt, was withdrawn at the request of Prime Minister Tom Adams shortly after the U.S.-led invasion of Grenada a year ago, an issue over which both countries differed.

"I hope the process would not take very long and before many weeks have passed, we would exchange ambassadors," Tull said.

In a recent interview, Prime Minister Adams said Barbados wanted to have economic cooperation with Guyana that would be to their mutual benefit. He cited increased agricultural exports from Guyana and a joint fishing project as areas for development.

CSO: 3298/087



## BRIEFS

POLL ON PINDLING RESIGNATION--Eighty-eight percent of the persons polled Wednesday have agreed that Prime Minister Sir Lynden Pindling and his government should resign while 12 percent disagreed, the National Polling Commission have announced. Mr Rodney Moncur, commission assistant, said that a total of 515 persons voted at the polls conducted in front of Mademoiselle by members of the commission on Wednesday. He said that 445 said that the prime minister and the government should resign, 63 persons said that they should not and there were 7 spoiled ballots. The poll was conducted by Van Deveau, commission assistant, Jonathan P. Robinson, Henry Dumett, Necolia Jacques and Commission Chairman Lucius Sturup. "So once again, the Bahamian people want an election and leaders of the opposition have the moral authority to force the government to resign and the governor general should dissolve parliament," Mr Moncur said. [By Anthony Forbes] [Excerpts] [Nassau THE TRIBUNE in English 13 Oct 84 pp 1, 13]

CSQ: 3298/088



CENTRAL BANK REPORTS ECONOMIC GROWTH FOR FIRST HALF OF '84

FL172358 Bridgetown CANA in English 2032 GMT 17 Oct 84

[Text] Bridgetown, Oct 17--Boosted by better sugar production and tourist arrivals, the Barbados economy grew by 3.5 percent in the first half of this year over the same period in 1983, the Central Bank reported. However, in spite of growth in sales of electronic components, manufacturing output remained sluggish and unemployment increased.

Sugar production rose by 18 percent while tourist arrivals maintained first quarter momentum to reach a growth rate of 10.5 percent by the end of June.

"However, in spite of a continued upward trend in the sales of electronic components, manufacturing output remained sluggish and worsening regional trade restrictions caused contraction of employment in the sector. Inflation moderated to almost one-half the rate to June last year," the bank report said.

Barbados this year produced 100,506 tonnes of sugar compared to 85,000 tonnes last year, while tourist arrivals for the first 6 months of this year stood at 186,332 as against 168,653 for the same period last year.

The bank noted, however, that "neither sugar nor tourism enjoyed sound financial health; farms and hotels recorded losses and suffered liquidity shortages."

The bank said a worsening merchandise trade deficit and a reduction of long-term capital inflows resulted in a balance of payments surplus of only two million dollars (1 Bdos dollar; 50 cents U.S.), compared with a 15 million dollar surplus for the first half of last year.

Foreign reserves of only 14 million dollars were accumulated during the period compared to an increase of 27 million dollars a year ago.

Domestic exports for the first half of the year are estimated to have grown by 48 million dollars or 22.6 percent as electronic components rose by 79.9 percent. Sugar exports are estimated to have reached 30 million dollars by the end of June, 6.7 percent higher than for a similar period in 1983.

The bank said that chemical exports (mainly soaps, pesticides, and pharmaceuticals) declined by 4.9 percent while exports of clothing expanded at a mere 6.1 percent, reflecting the severe protectionist policies of the Government of Trinidad and Tobago.

The continuing expansion of the electronics industry helped to generate an 11.5 percent increase in intermediate goods imports; the industry's imports of raw materials rose 33.6 percent.

The demand for imported cars declined, but total consumer goods are estimated to have increased by 15 percent mainly on account of nondurable imports (food, personal care products, jewelry, and similar items).

Government's fiscal deficit was 17.3 million dollars lower than for the first 6 months of this year, however, last year's deficit reflected the 24.3 million dollar purchase of the assets of Mobil explorations in Barbados.

The major source of financing for the deficit shifted to the domestic market, Bank credit to government increased slightly, while growth in private sector credit was sustained, resulting in a modest overall increase in domestic credit.

The growth of real output reflected mainly the improved performances of agriculture and tourism. Crude oil production increased by a remarkable 81.8 percent, but its contribution to overall production remains small. Crude oil production reached 304,043 barrels for the period January to June.

CSO: 3298/089

## IMPACT OF ROBOT USE IN METALWORKING INDUSTRY VIEWED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Sep 84 p 17

[Excerpts] Automation of production lines in Brazil with use of industrial robots may further restrict the labor market, already quite shaken by the recession. However, "it would be impossible to fight against robots, because their utilization is part of the process of technological development, similar to substitution of labor in printing companies, with type composed by computers, as in the newspapers." This is the opinion of the technical director of the Interunion Department of Statistics and Socioeconomic Studies (DIEESE), Walter Barelli, who stresses that "the problem is that we are accustomed here to copy advanced technology without introducing measures that make the necessary adaptations possible."

Expressing a similar opinion, the president of the Metalworkers Union of Sao Bernardo do Campo and Diadema, Jair Meneghelli, maintains that it is practically impossible to delay the advance of technology. "But we must make sure that this advance results in benefit to society and does not cause unemployment," Meneghelli stresses. "That is the reason for the need for a reform in the prevailing economic system and adoption of an equitable employment policy that will not be disturbed by introduction of advanced systems of work."

Unquestionably, robots can free man from unhealthy, dangerous or monotonous work. The principal requirement of the Labor Ministry, when vehicle-assembly plants expressed an interest in purchasing robots, was that the robots do only the "dirty" work, which is to say that work that is a hazard to the worker's health. According to Jair Meneghelli, "this commitment was kept, because the robots were installed only in work injurious to man, such as soldering, for example, which is very hazardous to the worker's health." For this reason, the union leader concludes, "the most rational attitude is not to be opposed to automation, or wait peacefully for its impact. But it is to work for the introduction of modifications that can prevent the transition step from being transformed, as has happened in several sectors, into a nightmare for the worker."

Brazil began preparing for entering the era of automation with numerically-controlled machinery (in fact a type of computer that controls electronically the operations of machine tools such as lathes or milling machines, previously controlled by man). Both numerical control systems and robots have "brains" consisting of microprocessors.

To continue competing in the international market, according to businessmen, the nation must adopt more sophisticated technologies, that assure quality and greater productivity. Within this context, utilization of robots, according to Volkswagen, is one of the few solutions capable of reducing costs and increasing and rationalizing automobile production. At the end of last year, 1300 robots were performing various operations in the company's factories throughout the world. Here in Brazil, four robots were imported from West Germany and introduced in the assembly line of the Santana automobile. This is the first time that the Sao Bernardo do Campo factory is using robots on its production lines.

These German-made robots are known as "R-30" and are used for structural soldering in the door frames and in the internal parts of the Santana's rear-wheel transmissions, soldering 50 high-strength points per minute. Programmed by computer, each R-30 consists of six pivoting axles operated by an electronic system, which permits versatility and precision. Its articulation permits revolving movements and the work is accomplished by a pincers. It can also be adapted to operate with window parts or on moving components.

Volkswagen has also imported from Germany the K-15, a robot articulated on five pivoting axles, developed to stack and move parts, with an arm that can operate 2.6 meters above its point of attachment. This robot is being studied by Brazilian technicians in the Informatics Technology Center (CTI) of Campinas.

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CSO: 3342/19

PT LEADER STEPS UP EFFORTS TO ORGANIZE PROGRESSIVE FRONT

Brasilia CORREIO BRAZILIENSE in Portuguese 14 Oct 84 p 7

[Report on interview with Airtton Soares, leader of the Workers Party [PT] in the Chamber of Deputies, in Brasilia, by Tarcisio Holanda: "Airtton Soares Coordinates Progressive Front"; date not given]

[Text] The leader of the PT in the Chamber of Deputies, Airtton Soares, now in open conflict with the party's leadership, asserts that he is "throwing everything into coordination of progressive front, inside and outside of parliament, uniting politicians of the vanguard and sectors of society that were mobilized in an organized fashion in favor of direct elections--such as the OAB [Organization of Brazilian Attorneys], ABI [Brazilian Press Association], CUT [Sole Central Organization of Workers], CONCLAT [National Conference of the Working Classes], UNE [National Union of Students], ANDES [expansion unknown], SBPC [Brazilian Society for the Advancement of Science]--to exert influence on the future plans of the transition government and serving to brake the activities of the center-right."

Soares warns that the future government of Tancredo Neves will not be in a position to foster profound social reforms, being elected by a compromised, and hence illegitimate, Electoral College. "If he were chosen by popular vote, the millions of votes would give him strength and authority to promote such reforms. As this was not possible, we must prepare ourselves for influence within the actual political framework," he said.

Pressure Group

Airtton Soares believes it is essential that progressive forces seek to widen their space in the political universe "to compete on an equal footing with the conservatives and reactionaries for power and influence in the future National Constituent Assembly."

"If we do not organize ourselves," the PT leader said, "the forces of the center-right will completely dominate the Tancredo Neves administration, putting us on the run. They are already coordinated in forming a front against any change and can hold back the evolution of the political process for another 20 years."

He added that, in the face of this situation, "to go or not to go to the Electoral College no longer has the slightest significance, partly because Tancredo doesn't

need my votes." What the PT leader considers important at this stage is to organize a combination of forces to occupy spaces in the political universe that is being formed and retain influence to define situations favorable to some changes in the Tancredo Neves government.

"Why is it important to go to the Electoral College?" the reporter asks. "Because by going to the Electoral College I am joining forces with the other progressives who are now supporting the Tancredo Neves candidacy and not limiting myself to the inconsequence of an isolationist position, if not suicide itself," the PT leader replies.

"I could adopt the position of the PT leadership," he added, "of creating a parallel alternative, only if I had the means, the money and the personnel. If I had these resources, I would carry my messages to the great masses. But the truth is that the PT only has messages; it does not have the means to reach the people. This is the main reason for my disagreement with the PT leadership."

He argues that his party cannot remain outside the institutional process, unless it prefers complete isolation, a sectarian position that has cost a very high price to the forces of the vanguard in various stages of our history. He notes that the big banners of the PT are social and asks how social reforms can be achieved if the party remains outside the institutional process.

"Of course, the ideal thing would be direct election," Soares asserted. "But we already have exhausted all efforts in favor of reestablishment of the direct election, without practical results. The only beneficial consequence, undoubtedly, was the high level of politicization demonstrated by the masses."

[Question] How do you plan to influence the new situation if Tancredo is elected?

[Answer] Just as soon as they choose Olavo Setubal for economic czar we shall be ready for open conflict with Tancredo. This is an option that we will not accept. For this purpose we must organize our forces, unite the progressives. In the worst of circumstances, we will constitute a brake on the voracious appetite of the Right.

Airton Soares remarks that, in his political style, Tancredo is a malleable man who plays the game according to the cards he sees on the table.

The Minas Gerais politician makes his move whenever he senses a road with few obstacles. In that case, the progressives must organize to have influence in the game, offsetting itself against the other forces, according to Airton Soares.

In view of the orthodox position of the PT leadership, their leader in the Chamber of Deputies--kept in the post against the will of the leaders--feels it will be necessary to hear the rank and file by holding a National Convention. On 21 and 22 October the national directors will meet to decide about this matter. The entire PT delegation in the Chamber wants the National Convention to be held. The PT leadership, in response to a suggestion from Soares, called a meeting of the national directors to make a decision.



[Question] What if the decision of the national directors is against holding the national convention?

[Answer] Well, that would be a difficult situation. I would have to meet with my people and decide what road to follow.

Airton Soares contends that there are some changes that Tancredo Neves will be able to make and others that he will be prevented from making. The future president will be able to reorganize the state apparatus, alter the National Security Law to harmonize it with a democratic regime and put an end to corruption, but "I don't know whether he will be able to put the corrupt persons in jail."

The PT leader further lists other changes that can occur--such as freedom of labor-union organization ("I don't know whether it will be complete freedom"), application of the Land Statute ("he will not be in a position to bring about agrarian reform"), promotion of tax reform, a necessity posed by reestablishment of the Federation and the interests of the nation's capitalism.

"Agrarian reform, ample freedom of political organization and other important structural changes," said Soares, "can come about only through a National Constituent Assembly."

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CSO: 3342/19

## 8 PERCENT OF POPULATION CONSUMES 62 PERCENT OF TOTAL SOLD

Sao Paulo VEJA in Portuguese 3 Oct 84 pp 96-100

[Text] Imagine a country in which, of each 100 persons, the eight richest purchase more than all of the other 91 put together. Imagine, then, that a single one of those eight persons living the good life spends in 1 year, by himself, what 1,300 persons who are at the other end of the scale, which encompasses the poorest people, spend all together. Imagine, finally, that one of the members of the richest class also spends in 1 year on his automobile alone 60 percent more than someone placed well in the middle of the scale consumes during the same period on all of his food. That country is today's Brazil. In it, Class A, the segment of the population that receives more than 35 minimum wages per month, or 3.4 million cruzeiros, makes up only 8 percent of the population but accounted for no less than 62 percent of total Brazilian consumption last year. At the opposite point, Class E, comprised of those who earn up to 274,000 cruzeiros per month, equivalent to approximately 9 percent of the total population, purchased only 0.046 percent of everything sold in the country in 1983; such an insignificant percentage that it even becomes too difficult to understand correctly what it represents. These four figures, after all, represent less than one-twentieth of 1 percent.

Those figures were revealed last week by the Target statistical services company of Sao Paulo which each year compiles the consumption behavior in 1,023 municipalities in all the states--an urban concentration in which 68 percent of the Brazilian population lives--to serve as support material for market research, launching new products or consumer habits. Published in six volumes and priced at 2.7 million cruzeiros, the study, "Brazil in Focus," the first edition of which was released in 1981, is a parade of appalling figures. "The most glaring is the huge concentration of consumption in a small segment of the population," declared sociologist Milton Gimenes, director of Target. Class A, by itself, consumes more than 2.3 times the total expenditures of Class B--made up of those who earn 1.3 million to 3.4 million cruzeiros, which includes 17 of each 100 Brazilians, more than double the population classified at the top of the pyramid.

The study becomes even more somber as it outlines the consumption profile of the poorest segment of the population, Class E. It encompasses about 7.5 million people, almost 9 percent of the urban population, but its

consumption is a drop in the bucket compared to the expenditure of Class A. "Our distribution of income is worse than in the most backward regions of Africa," said Gimenes, who in 1970 coordinated the first census of the Republic of the Ivory Coast "Poverty in Brazil is so intense that it leads us on first evaluation to doubt the results of the surveys." According to him, the situation of the poor forces the members of that income class to enter the labor market very early in order to increase the family income. It is there also that the subsistence economy occurs most frequently; money does not circulate and work is not remunerated but rather is paid in kind, normally in food.

#### Harmonic Rule

Very detailed, the Target survey dissects the consumer's pocketbook, revealing how much he spends per class of income and, above all, how his expenditures is divided and when he stops spending. The division of the overall volume of consumption by income class in Brazilian cities does not break down according to any harmonic rule. Class B, for example, consumes 2.81 times more than Class C, whose members receive 448,000 to 1.3 million cruzeiros per month. The latter in turn has an expenditure level 4.44 times greater than that of Class D. However, between this income bracket and the next one, there is a chasm. After all, the consumption of Class E, the last in the income scale, is 44 times lower than that of the previous bracket, Class D, which includes those who earn from 274,000 to 448,000 cruzeiros per month.

On the other hand, the distribution of expenditure by consumer item follows some rules. The members of Classes A and B last year spent practically the same proportion of the total consumption of goods in the cities on food--on the order of 6 to 7 percent. Class D spends on food one-third of what Class C spends on that same item. The first two brackets of the income structure, which together total almost one-quarter of the urban population, also has equivalent expenditures for medication--a practically nonexistent item on the list of purchases of Class E. In Brazil, the poor simply do not have money to buy medicine.

In the general computation, bracket A has only one consumption item of the 20 surveyed by Target lower than that of the other income classes: expenditures on urban transportation. The citizen of Class A moves about with his own car, which costs him 12 percent more than his expense in maintaining and cleaning the home in which he lives. The expenditures on the infrastructure of one's home occupy second place after food in the expenditures of Classes D and E. Second place on the list of expenditures of Class C--in which factory workers with some specialization and low-level employees in the commercial, banking and administrative areas predominate--is occupied by expenditures on hygiene and health. On the other hand, the budget of Classes A and B count clothing and footwear as the second item of expenditure after food, thus revealing the subtlety of consumption priorities as one climbs the steep and slippery road to wealth in Brazil.

## Heavy Debts

The survey also shows that in general the Brazilian has one of the highest rates of personal indebtedness in the whole world--even having to submit to interest rates that reach 500 percent per year in the installment-payment plans. For every 100 cruzeiros he consumes by paying cash, he buys another 134 cruzeiros' worth on time. The average annual expenditure of each Brazilian thus reached almost \$1,500 last year--or at today's exchange, a little more than 3.3 million cruzeiros. The Brazilians spent 17.3 percent of that total on food, the main item of consumption of all income classes. Liquor and tobacco took another 2.9 percent of their budget--twice more than he spent on medicine. On entertainment, including books, the cinema, theater and travel, the Brazilian spent all together \$2.72 billion last year, \$900 billion less than the amount spent on liquor and tobacco.

Even concentrated in the high-income classes, Brazil's consumer market is one of the biggest in the whole world. According to Target's estimates, based on updated data of the 1980 census and the National Family Expenditure Study, last year the Brazilians spent around \$125 billion on goods and services of every type transacted in the urban areas. Class A was the prime moving force of those expenditures, accounting for \$77.5 billion of the total. It oiled the machinery of the economy in an especially bad year for business marked by recession with an increasing volume of expenditure, which certainly contributed to preventing unemployment from becoming intensified. The perverse nature of that expenditure lies in its other side. That side is marked by a dramatic situation: 92 percent of the urban population comprised of Classes B, C, D and E accounted for only 38 percent of total consumption, which amounts to \$47.5 billion in absolute values.

Target's Marcos Gimenes, who has already begun the first studies to update his survey, believes that the situation of the poor has not worsened this year. But the movement of consumption in favor of cheaper items must have become accentuated. In the case of food, for example, he has detected a movement of consumption from meat to fish, vegetables and canned goods. "There is also a very important change in clothing and footwear," Gimenes noted. "One observes the increasing recourse to a style of convenience dominated by the combination of jeans and tennis shoes." But the signs of economic recovery, pushed by the exceptional performance of the trade balance would still not be enough to cause great euphoria in terms of domestic market sales.

"The problem is that despite the fact that we are producing more than we consume and, therefore, generating more wealth per capita, we are forced to remit abroad the major part of the export effort in order to pay the interest on the foreign debt," declared economist Carlos von Doellinger of the Economic and Social Research Institute. The poverty in the cities leads Jesse Montello, president of the Brazilian Institute of Geography and Statistics Foundation (IBGE) to an additional diagnosis. According to him, a good part of the pressure that has led that poverty to swell in recent years

comes above all from the migrations from the farm to the large metropolitan areas. In the Southeast region alone, 85 of each 100 inhabitants are already living in the cities. "The solution to this problem lies in development, family planning or both at the same time," prescribed Montello.

The force of those analyses in which the poor classes almost always appear as pariahs and not as potential consumers led a group of researchers last week to try to prove that, no matter how insignificant their consumption is in percentage terms, they cannot be forgotten by sales people. "In my 22-year career, I become tired of seeing advertisers behave as if nothing existed besides Classes A and B," declared Hilda Wickerhauser, managing partner of Marplan, one of the largest research institutes in the country. Hilda studied this forgotten world of consumers and was amazed by what she saw. "The result could not be more interesting," she revealed. After researching the eight largest metropolitan areas in the country, Marplan discovered that ownership of television sets already extends to 88 percent of the homes of Classes D and E. The survey applied to the housewives of those classes also showed the purchase, during the past month, of such products as deodorant (in a proportion of 75 percent, only 5 percent less than the consumption of that article in Classes A and B), tooth paste (75 percent), powdered soap (90 percent), coffee (92 percent) and margarine (90 percent).

Presented at a seminar sponsored in Sao Paulo last week by the Brazilian Advertisers Association, that survey found further points of support. One of them came from advertiser Luis Grotera, marketing director of TVS, which has its largest audience among the lower levels. Grotera ordered a survey among the slums of Rio de Janeiro to discover what their inhabitants consume. The result was: 45 percent consume margarine; 19 percent, mayonnaise; 50 percent, soy sauce; 48, powdered soap; 41 percent, toilet soap; and 43 percent, disinfectant. "It even seems that the base of the pyramid does not consume," said Grotera. The director of the CBBA-Propeg advertising agency, Hiran Castello Branco, went even further. On the basis of the IBGE data, he estimated potential consumption among the low-income population of around \$2.1 billion per month. "Target's data confirm the concentration of income in Classes A and B," argued Castello Branco, "but at a time of a tight market, the advertisers should not ignore any consumer."

#### Richest City

The research conducted by Milton Gimenes is no less full of surprises. The greatest concentration of spending by Class A is outside the Rio-Sao Paulo axis, the most developed area in the country. The survey located it in Campinas, where Class A, which represents 11.3 percent of the urban population, gobbles up 71.5 percent of total consumption. Estimated at \$1.11 billion, the consumption of the richest city in the country last year was greater than all of the spending in the states of Amazonas or Sergipe and a little less than Alagoas. Among the large regions, Brasilia stands out with the largest Class A segment in the country in relation to its total urban population, even



living in the shadow of the budgets of the public agencies. The influence of the government is everywhere. The large fleet of official cars, for example, is reflected in the item that surveys expenses for one's own car--the lowest in the whole country for Classes A, B and C.

However, the hugeness of the city of Sao Paulo remains overwhelming. Its total consumption already reaches \$14.3 billion, a figure 2 and a half times greater than consumption in the state of Bahia. Not even Minas Gerais, the third largest in Brazil exceeded that figure: last year, the total expenditure of the consumers in its urban areas did not exceed \$13 billion. The state of Sao Paulo accounted for 30 percent of the consumption of Brazilians in the urban areas, but first place in consumption per capita rests with Rio de Janeiro. Its average annual spending amounted to \$1,618 in 1983. At the other extreme, the lowest expenditure per capita per year occurred in Para, where its inhabitants consumed an average of \$1,109 last year.

The Target survey highlights some trends, such as the growth of consumption in the so-called pioneer regions--the areas where economic integration through large agricultural and mining projects is being promoted. Mato Grosso do Sul, one of the country's agricultural grenaries, shows the largest contingent of persons in Classes B and C in relation to the total urban population. Its Class E, the poorest in the income pyramid, is the smallest in the country. Thus, in this panorama, not everything is gray. Pushed also by agriculture, the state of Mato Grosso grew 13.5 percent in 1983 while the Brazilian economy shrank 3.2 percent. It is an enviable feat--one of the few to which one can look without alarm in a country that in recent years has seen only its share of poverty grow.

#### How and Where Brzilians Spend

This chart shows the consumption of the urban Brazilian broken down by items and classes. The first line shows the percentage of consumption for each class. Thus, one sees that Class A consumes 61.918 percent of everything that is sold in the cities.

The items of consumption listed in the following lines show how much each class spends on them in relation to general consumption. For example, Class A spends on food the equivalent of 6.992 percent of all goods put on sale in the cities. On the other hand, Class E consumes only 0.046 percent on food.





CLASSES (em %) (4-5-6)

Itens de consumo	A	B	C	D	E
(1) Total (100%)	61,918	26,499	9,419	2,118	0,046
(2) Alimentação	6,992	6,234	3,143	0,944	0,024
(3) Vestuário e calçados	5,601	2,883	1,014	0,188	0,004
(4) Mobiliários, artigos do lar e aparelhos	4,210	1,866	0,675	0,130	0,002
(5) Gastos com veículo próprio	5,030	2,164	0,425	0,019	0,000
(6) Educação, cultura e lazer	3,340	1,632	0,368	0,047	0,000

Itens de consumo	A	B	C	D	E
(1) Total (100%)	62,826	26,557	8,682	1,803	0,030
(2) Alimentação	7,127	6,248	2,896	0,803	0,016
(3) Vestuário e calçados	5,709	2,889	0,935	0,160	0,002
(4) Mobiliários, artigos do lar e aparelhos	4,292	1,871	0,623	0,110	0,001
(5) Gastos com veículo próprio	5,128	2,168	0,391	0,016	0,000
(6) Educação, cultura e lazer	3,406	1,634	0,340	0,041	0,000

\* Prestações do BNH, aluguéis, depósitos em cadernetas, investimentos em títulos

Key: 1. Items of consumption

2. Total (%)

3. Food

4. Liquor and tobacco

5. Clothing and footwear

6. Home maintenance and cleaning

7. Furniture, home articles and appliances

8. Hygiene and health

9. Own automobile expenses

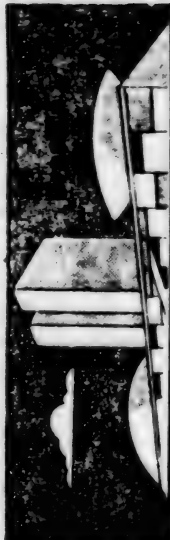
10. Urban transportation

11. Education, culture and leisure

12. Other expenses

13. National Housing Bank installments, passbook deposits, investments in securities

[commas are equivalent to decimal points]



**CLASSES (em %) (in %)**

A B C D E					
63,738	24,924	9,539	1,769	0,030	
7,222	5,863	3,183	0,788	0,016	
5,786	2,711	1,027	0,156	0,002	
4,349	1,755	0,685	0,108	0,001	
5,196	2,035	0,430	0,016	0,000	
3,451	1,534	0,373	0,040	0,000	

A B C D E					
66,021	23,428	8,872	1,652	0,027	
8,067	5,553	3,088	0,698	0,013	
5,804	2,014	0,728	0,102	0,001	
4,856	1,552	0,540	0,090	0,000	
4,897	1,865	0,305	0,009	0,000	
4,426	1,453	0,346	0,035	0,000	

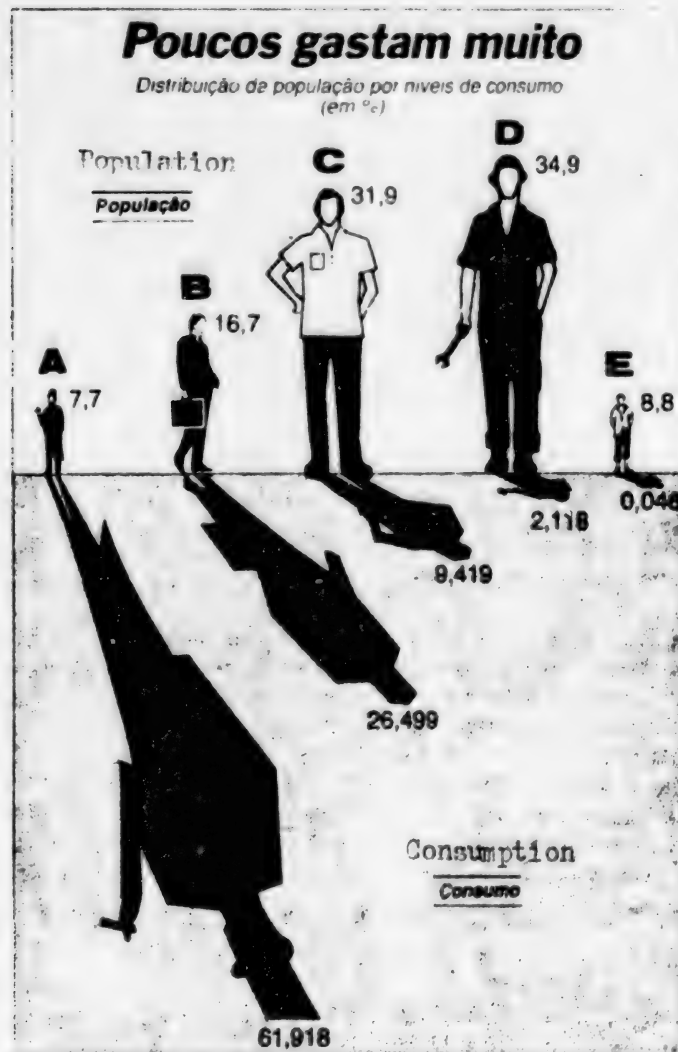
Itens de consumo	
Total (100%)	
Alimentação	
Vestuario e calçados	
Mobiliários, artigos do lar e aparelhos	
Gastos com veículo próprio	
Educação, cultura e lazer	

Key: See preceding page

## FEW SPEND MUCH

Distribution of the Population by Levels of Consumption  
(in percentage)

[commas are equivalent to decimal points]





#### THE GEOGRAPHY OF SPENDING

**Brasília:** Where Class A spends proportionally more on food and housing.

**Piauí:** Where there is the lowest consumption per capita (\$1,109).

**Rondonia:** Where there is the largest Class E in relation to the population.

**Mato Grosso do Sul:** Where there is the smallest Class E in relation to the population.

**Rio de Janeiro:** Where there is the highest consumption per capita (\$1,618).

**Sao Paulo:** The city of Sao Paulo consumes the same as the whole state of Minas Gerais.

## Compute and Discover Your Class

Since Karl Marx divided society into three large groups, the bourgeoisie, the proletariat and the peasantry, there was never great difficulty for one to discover where he was located. However, since the research institutes have emerged, this task has become more complex. Their criteria invariably separate society in alphabetical order into five large groups: A, B, C, D and E, in which recognizing borders between one bracket and another may require complex calculations. The methodology developed by the Brazilian Advertisers Association makes this task simpler, working with the difference in the level of education of the person research and his comfort at home. That method will give the level of consumption in which the interviewee is located. The grouping can also be made by income in the following manner:

Class A: salaries or income above 3.4 million cruzeiros;

Class B: from 1.3 million to 3.4 million;

Class C: from 448,000 to 1.3 million;

Class D: between 274,000 and 448,000;

Class E: comprised of those who earn up to 274,000 cruzeiros.

In the case of the level of consumption, the reply regarding the level of education will give the interviewee a number of points ranking from 0 to 10 which, added to the comfort items, will result in a total that will place him in his consumption bracket. The comfort items considered important for the researchers are property and the number of television sets, radios, vacuum cleaners and washing machines in addition to the number of automobiles the interviewee owns, the number of bathrooms in his home and the number of domestic employees.

The existence of those two methods may place someone in one class by the calculation of income and in another by the analysis of comfort items. In these cases, there is no doubt: he is either living above what he should or is spending less than he can. Below is the ABA-Abipeme criterion to check the class to which a family belongs. Responding to each of the items, one can discover the class for purposes of market research.

<u>Education:</u>	<u>Points</u>
Illiterate or incomplete primary	0
Complete primary or incomplete secondary	1
Complete secondary or incomplete college	3
Complete college or incomplete university	5
Complete university	10

<u>Comfort:</u>	<u>None</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six</u>
Television	0	2	4	6	8	10	12
Radio	0	1	2	3	4	5	6
Bathrooms	0	2	4	6	8	10	12
Automobiles	0	4	8	12	16	16	16
Domestic employees	0	6	12	18	24	24	24
Vacuum cleaner	0	5	5	5	5	5	5
Washing machine	0	2	2	2	2	2	2

Results: Over 35 points, Class A; from 21 to 34 points, Class B;  
from 10 to 20 points, Class C; from 5 to 9 points,  
Class D; from 0 to 4 points, Class E.

8711  
CSO: 3342/11



## ELETROBRAS FORECASTS 11 PERCENT RISE IN ENERGY USE IN 1984

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Sep 84 p 27

/Text/ The nation's electric power consumption will grow 11 percent this year, exceeding all prior estimates; last year's increase was 7.5 percent. In August alone there was an increase of 14 percent compared to the preceding month. In the Southeast region, which accounts for almost 70 percent of that consumption figure, the cumulative increase throughout the year was 11.4 percent, while an increase of 15.2 percent was recorded in the consumption during August as compared to July. This information came from Gen Costa Cavalcanti, president of ELETROBRAS /Brazilian Electric Power Companies, Inc./.

This situation and runaway inflation this year increased the total fund requirement of ELETROBRAS and its subsidiaries from 2.3 to 4 trillion cruzeiros in investments still to be made this year. From the difference of 1.7 trillion cruzeiros, SEPLAN /Secretariat of Planning/ has already authorized the transfer of 800 billion cruzeiros which will be used basically to maintain the pace of work activities that can no longer be delayed because otherwise there would be an energy shortage.

In the south-central section, the only project now under way is Itaipu whose opening has been scheduled for 25 October; but it will be necessary to move up the dates for the projects in the north and the northeast. According to the president of ELETROBRAS, the dates will be moved up for the plants at Xingo, on the Sao Francisco River, with 2,000 Mw and Santa Isabel, on the Araguaia River, with 1,760 Mw, and besides there cannot be any delay in the Itaparica plant which is also on the Sao Francisco.

Under the supply plan drawn up by ELETROBRAS for the north and the northeast, until the year 2000, the Itaparica plant (1,500 Mw) was scheduled to go into operation in 1986 but that date had to be postponed until 1987. Xingo was to have been operational starting in 1989 and Santa Isabel in 1992. In addition to these units, there is Tucurui, which will start commercial operation on the last day of this year, generating 330 Mw; but by the end of 1985, it will have to start using another four machines, reaching a figure of 1,650 Mw.

In the south-central section, the pace of work projects will not be changed to achieve an increase in electric power consumption; but the surplus problem has already been solved; it had caused concern in the electric power sector at the beginning of the 1980's, according to Cavalcanti. As of the start of the year, according to him, there is not a single hydroelectric power plant that is spilling water--which would mean that there was unused installed capacity.

#### ELETRONORTE

Miguel Rodrigues Nunes, the president of ELETRONORTE /Northern Electric Power Plants/, who took over yesterday, said that he has already contacted ELETROBRAS and SEPLAN in an effort to get another slice of 600-700 billion cruzeiros, on top of this year's authorized budget allocation of 1.15 trillion cruzeiros. This money would be used to maintain the pace of work activities which the enterprise is carrying out: Tucuruí (PA /Para/); Samuel (RO /Rondonia/); and Balbina (AM /Amazonas/). He guaranteed that there would be no stoppages or delays.

5058

CSO: 3342/18

PLANNED CONSTRUCTION OF HYDROELECTRIC COMPLEX IN PARA

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Oct 84 p 53

/Article by Roberto Penteado: "Government planning big hydroelectric complex"

/Text The hydroelectric power plant at Tres Gargantas (Sancha), on the Yang-Tse River, in China, which may be built by Brazil during the decade of 1990, will for a short time be the world's biggest because, starting in 1996, the first machine at the Altamira hydroelectric complex is scheduled to go into operation; it is located at the mouth of the Xingu River, close to that city in Para.

This complex, which will be operated by ELETRONORTE /Northern Electric Power Company /, will have an installed capacity of 16,890 Mw, 890 more than the plant at Sancha and 4,300 more than the one at Itaipu. It will be made up of three dams, one of them only to hold the water, and two dams to generate energy. Its cost has been calculated at \$15.54 billion, representing a price of \$920 per kilowatt. The kilowatt installed at Itaipu will cost \$840, whereas the nuclear complex at Angra dos Reis will produce energy at \$2,164 per kilowatt.

The feasibility study is being conducted by a private consultant firm and calls for the construction of this project within 7 years and another 2 years for the support facilities, which will include a residential development for about 100,000 inhabitants. The complex will be in the section known as Volta Grande, which has a drop of 160 m.

The first plant for the generation of electric energy was christened Babaquara and is located upstream from the city of Altamira. Its dam will be 6.34 km long and there will be 46.6 km of retaining dams. The power house will contain 18 units of 390.6 Mw, with a total capacity of 6,890 Mw. The first turbine, scheduled under the 2000 Plan of ELETROBRAS /Brazilian Electric Power Companies, Inc. will become operational starting in 1996 or by 2005. The second plant will be operational 3 years later.

Downstream from Babaquara, at the end of Volta Grande, 150 km along the river but only 50 km by land, we have, first of all, the Jurua retaining

dam, with a length of 5.6 km, and the other plant, Kararao, with a dam having a length of 4.7 km and 14.7 km of secondary retaining dams, plus 10,000 Mw installed, distributed over 19 turbines at 637 Mw, each. The complex will be operated as a unit. This means that 7,300 km<sup>2</sup> of the area will have to be flooded, with 6,100 in Babaquara and 1,200 km<sup>2</sup> in Kararao. Lake Tucuruí, which is now flooded, will then flood 2,100 km<sup>2</sup>.

#### Justifications

The market studies prepared by ELETRONORTE note that the construction of the Altamira complex will be justified in two cases. If it were to be decided to establish a huge mining and metallurgy industry center to export the various minerals from Carajas in the form of processed products, either in the form of ingots or finished products or if a single national electrical system were to be established, linking the two systems constituting the sector, the North-Northeast and the South-Southeast plus a part of the West-Central section.

These systems are today being operated independently and their efficiency would be greatly increased as a result of combined operation. Only the South-Southeast combination produced a considerable increase in the power supply to the South-Central section because then it would be possible, for example, to compensate for the effects of a big drought in the South through the greater power output of the power plants in the Southeast. With the linkup of the two Amazonian rivers, ELETRONORTE calculates a national average for the different rainfall and hydrologic systems that would be greater than if each system were to be operated separately.

5058

CSO: 3342/18

# DETAILS OF THIRD ANTARCTIC EXPEDITION DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Oct 84 p 20

/Text/ About 150 Brazilians will participate in the third, biggest and longest mission carried out by Brazil in the Antarctic which is to last 126 days, starting on 15 November and continuing until 21 March 1985. For Adm Walbert Lisieux, the executive secretary of the CIRM /Interministerial Committee on Resources of the Sea/, the journey's main objective, along with the execution of 29 research projects, will be the expansion of the Comandante Ferraz station at a cost of 1.5 billion cruzeiros, to enable the researchers to spend the entire year there.

According to CIRM expectations, Brazil will, in 1986 already, for the first time send a group made up of six scientists and six members of the support team to spend the winter in the Antarctic. This is why the station's expansion is a fundamental aspect; with the currently available number of modules, it is impossible to store a quantity of fuel in the facility which would guarantee the supply of the team for an entire year. As part of the project, a Marine, Lt El Kfourri, who participated in the first expedition, is going through the southern winter at the Argentine base of Belgrano II, by way of training. The lieutenant has been at the base since last September and will return at the end of this year.

The major concern of the men in charge of the Brazilian Antarctic program is to guarantee training conditions for the members of the expedition who will remain on the Antarctic peninsula throughout the southern winter. Brazil is looking into the experience of countries such as Poland, Argentina, and Chile in an effort to find answers to problems raised by long confinement and the difficulties arising in terms of interpersonal relations. Suicide cases have already been reported at bases of Antarctic countries but the authorities are very reserved on these matters.

In addition to the 25 research projects that are being carried out, there will be four new study projects: Terrestrial gravity; geomagnetism; the Antarctic maritime current; and the continental shelf of the Antarctic.

The result of the scientific work done during the two first trips will be debated between 22 and 26 October in the course of a seminar that is

being organized by the IOUSP /Oceanographic Institute of the University of Sao Paulo/. The fact that Brazil is only beginning its activities along the South Pole tells the experts that the practical results deriving from these studies can be gathered only in medium-range terms. In spite of that, the country's recent admission to the International Antarctic Research Committee will facilitate the exchange of information and speed Brazil's progress in this sector.

### The Journey

The vessel "Barao de Teffe" will leave the port of Rio on 15 November, carrying equipment and the workers who will install the station's new modules.

Since the vessel cannot carry all of the necessary material in just one trip, it will return to Brazil in the middle of December to take the remaining equipment on board in the port of Rio Grande after leaving the work crew behind to do the job at Comandante Ferraz.

According to the timetable, the work will be completed by 19 January, when the first of the three flights scheduled to transport the scientists to the Antarctic will take off, carrying 40 persons. The plane will land at the airfield of the Chilean base at Marsh, also situated in the Shetland Islands, 40 kilometers from Comandante Ferraz.

Seven researchers will remain at Marsh, where the Brazilians will be expected on the "Barao de Teffe," to work with a Chilean team. Then, the "Barao de Teffe" will stop at the Polish base of Arktoviski, situated in a place that is even closer to the Brazilian station. The vessel will also make two stops before going on to Punta Arenas, in Chile, to take on supplies and to give its 50 crew members a rest, after 2 months of practically uninterrupted work. The first of these will be on Nelson Island and the other one will be on King George Island, both located in the Shetlands Islands. This is where shelters will be put up for the geologists who will remain isolated there until the "Teffe" comes back to pick them up in February.

The second aircraft will leave Brazil in February with the team of scientists who will replace those who came to the Antarctic in January. After once again passing the stations and shelters, the "Barao de Teffe" will be used for marine biology research. In addition, the ship is scheduled to sail all the way to Adelaide Island which is located off the continent, with the objective of identifying the area for the future construction of a possible shelter, thus enabling the crew to learn how to navigate on ice.

The "Barao de Teffe" will return to Comandante Ferraz to close the station on 20 March. The Brazilian Antarctic vessel is scheduled to arrive in the port of Rio Grande on 21 April.



## "Professor Besnard"

The vessel "Professor Besnard," of the University of Sao Paulo, will leave the port of Santos on 5 January, carrying 15 researchers and 18 crew members. The mission of the team on that vessel is to participate in the Biomass Program, which involves marine biology research and which has been carried out for the past 2 years. They will collect materials in the ocean along the Antarctic Peninsula. At the same time, vessels of other participating countries will sail along different courses. Among other things, the Biomass study is intended to identify the reproduction cycle and the areas of major frequency of Krill, a crustacean whose stocks in the Antarctic region have been estimated at 150 million tons.

## Modules Will Resist Cold

The same enterprise that built the installations for the first research station during the expedition by Brazilian scientists to the Antarctic--SAEF /expansion unknown/ of Railroad Equipment, Limited--will, at the end of this month, deliver more than 25 modules that will be added to the station during the next trip by the scientists to the Antarctic in November. The modules, also called containers, feature a steel structure and heat insulation to be able to withstand temperatures of 30-40 degrees below zero.

This group of modules is divided into recreation rooms, dormitories, research laboratories, a kitchen, dining rooms, tanks for the storage of fuel oil for the generators, and two shelters, featuring different types of disassembled containers that will be installed on Elefante and Nelson islands. According to SAEF manager Decio Silveira, this structure guarantees the necessary comfort for the researchers who will stay in the Antarctic for 3 months. "The installations will be similar to the entire basic structure of a little city," he said, also talking about other compartments that have already been set up at the station, such as refrigeration rooms, workshops, store rooms, and even a helicopter pad.

5058

CSO: 3342/18

# STUDY SHOWS 11,434 STILL UNAFFECTED BY AMNESTY LAW

Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Aug 84 p 7

[Text] The Amnesty Law was signed by President Figueiredo exactly 5 years ago, after having been passed by the National Congress. Half a decade later, we can see that this was a manyfaceted political act. The amnesty was sufficiently broad to enable to return to Brazilian politics all those big names that had been removed by the Movement of 1964, such as Leonel Brizola, Miguel Arraes, Luis Carlos Prestes, and many others. At that time, Figueiredo's popularity rose considerably and amnesty symbolized a decisive moment in the country's redemocratization. Everything did not come up roses on the road of forgetting which the administration apparently wanted to embark upon.

In its 1st Article, the Amnesty Law excluded from its benefits "those who were sentenced for crimes of terrorism, assault, kidnapping, and personal attack." This meant that 18 political prisoners had to continue to serve their sentences, although on a basis of conditional release, recalls Luiz Eduardo Greenhalgh, of the Brazilian Committee for Amnesty. One of them today is a fugitive from justice (Teodomiro Romeiro, who went into exile in France); the others are free, but with the obligation periodically to report to the military court in their region; all of them had their political rights suspended and all of them are barred from leaving the state in which they were tried.

This situation entails obvious practical obstacles and some others that are not as evident in the life of each one of these men. For example, in the case of Aton Fon Filho, who is still in his 2nd-year law school, must, upon graduating, wait another 5 years before he can become a member of the OAB (Brazilian Bar Association) which requires that period of rehabilitation for those who have just served their sentences.

Most of those who were charged in relation to the crimes that were excluded from amnesty however did benefit in that their trials were not completed in the courts. This is why all those who were banished and exiled were amnestied since one cannot pronounce final judgment on an absent criminal, explained former political prisoner Altino Dantas. Altino himself was released only because, parallel to the Amnesty Law, there was a change in the National Security Law which meant that his sentence was reduced.

Another situation that was not resolved by amnesty concerns the 144 disappeared individuals. Their family members demanded and continue to demand a "reply in relation to them and the judicial indictment of those who are guilty of these disappearances," says Suzana Lisboa, widow of a disappeared individual. But the difference now is that "the opposition forces themselves have edged away from us," complained Suzana.

#### 11,434 Punished Persons Still Waiting for Pardon

Brazil also still has 11,434 persons waiting for the benefits of the Amnesty Law which was signed 5 years ago by President Figueiredo. This survey was conducted by the Women's Movement for Amnesty and Democratic Freedom which is today staging a protest in the Rio City Hall and is launching a mobilization campaign for the resumption of a broad, general and unrestricted amnesty.

"Today," said Regina Sodre Von Der Weid, the movement's president, in Rio, "we should already be celebrating. But we cannot mark any event so long as thousands of Brazilians continue to be deprived of the benefits of the law passed by the government."

Among the 11,434 who continue to wait for amnesty, 4,730 are civilians, most of them (4,691) former employees of PETROBRAS [Brazilian Petroleum Corporation]; the enterprise had fired 5,000 workers on the basis of the emergency laws but so far only 309 have been amnestied; 295 went into retirement and 14 were reinstated in their jobs. Among the 117 punished bankers, 67 managed to resume their jobs, 27 were retired, and eight are living on retirement benefits. This means that 15 of them remain yet to be amnestied. Out of the 36 broadcasters, only 12 have been reinstated in their previously-held jobs.

In the Armed Forces, there are 6,704 who have not been amnestied. Among the officers, there were 407 military personnel who had been punished. Out of that number, 369 are on inactive status and 38 are waiting for some kind of benefit. Out of the almost 7,000 enlisted men involved, 34 have been returned to active duty and 380 are in inactive status. This means that 6,666 remain yet to be amnestied. In other words, out of the 7,487 punished military personnel, only 783 have benefitted so far. In 1979, Mrs Regina Sodre recalls, "we supported the Djalma Marinho amendment which was much broader than the administration's proposal. But the bill submitted by President Figueiredo won and this is why we have the situation we face now."

The protest at the City Hall will begin at 1830 and will be attended by ABI [Brazilian Press Association] president Barbosa Lima Sobrinho.

#### Congress Reflects Disagreements

While the members of parliament from the Brazilian Democratic Movement Party pushed for extending these benefits to military personnel, public officials, and students whose political and job situation until today

has not been resolved, the administration supporters in Congress, in Brasilia, referred to the Amnesty Law as the high point in the administration of Gen Joao Batista Figueiredo.

According to the leader of the PMDB /Brazilian Democratic Movement Party/, Deputy Freitas Nobre, his party is demanding amnesty from the Legislative Branch which "continues to stick to markedly authoritarian constitutional precepts and internal controls instituted for the purpose of dictatorship over the houses of Congress."

Freitas recalled that the amnesty approved 5 years ago still presents cases of profound injustice, involving workers in various job categories who, although absolved by justice, did not get all of their rights back. A short time ago, the deputy added, President Figueiredo vetoed a bill introduced by former Deputy Celio Borja, who belonged to the old ARENA /National Renewal Alliance/, which would regulate the recognition of amnesty cases by broadening them.

The leader of the PDS /Social Democratic Party/, Deputy Nelson Marchezan, differs completely from the PMDB leader; for the PDS leader, amnesty is one of the high points in the Figueiredo administration. "The 5 years which have gone by since the passage of the law," he announced, "definitely prove that, contrary to what the opposition members are saying, the law was really broad, general, and unrestricted." As he sees the situation, the amnesty law reflects "the human, democratic, and conciliatory spirit of its author, President Joao Figueiredo."

The first deputy leader of the PMDB, Egidio Ferreira Lima (PE /Pernambuco/), whose mandate and political rights were taken from him in 1969, was amnestied 10 years later and feels that the administration's initiative "was very strange, not so much because of the law's limitations but rather because it was published as an individual and unique measure."

He explained that political amnesty, as a rule, marks the end of one historical cycle and starts another one. Along with the amnesty of 1979, he feels that authoritarian power should have been legitimized by direct elections and the immediate convening of a constituent assembly. "This undoubtedly was a pro-democratic act," but it was insufficient, he concluded.

That opinion was also shared by Deputy Miguel Arraes (PMDB, PE), a governor who was ousted in 1964; in his view, the amnesty law should be completed through elections on all levels and the repeal of emergency legislation.

Deputy Haroldo Lima (PMDB, BA /Bahia/), a former political prisoner, yesterday introduced in the Chamber a bill broadening the scope of amnesty in memory of the 5 years since its passage. His bill is aimed at benefitting also journalists who were tried under the National

Security Law following the entry into force of the amnesty law and who, for that reason, may be sentenced. Another victim of institutional acts who was touched by the amnesty, Deputy Nadyr Rosseti (PDT /Democratic Worker's Party/, RS /Rio Grande do Sul/), also introduced a bill in the Chamber which would broaden the political pardon aspect.

The secretary-general of the administration party at the time the law was passed, Deputy Prisco Viana (BA), today a supporter of Maluf, said: "Upon calm consideration, President Figueiredo emerges as the man who carried out the undertaking of returning to democracy and is personally responsible for the rehabilitation of the former leaders who unfortunately do not spare him their criticisms and who insist on denying the success of the effort to achieve a political opening. Many of those amnestied really did not go along with the idea and this is where we come to one of the big difficulties in advancing the democratic process."

5056

CSO: 3342/18



## CHILE

### THAI OFFICIAL EXPRESSES INTEREST IN BUYING COPPER

Santiago EL MERCURIO in Spanish 8 Oct 84 pp C-1, C-7

/Text/ Thai Deputy Prime Minister Boontheng Thongswasdi arrived in Chile yesterday, accompanied by a group made up of other government officials and members of parliament of that Asian country.

Upon his arrival at "Comodoro Arturo Merino Benitez" airport, the high official was received by Interior Minister Sergio Onofre Jarpa and the ambassador of Thailand Sirajaya Buddhi-Baedya, while a detachment from the Air Force Specialist School rendered him the usual honors.

In a short conversation with newsmen, Thongswasdi said that he is interested in the promotion of trade between both countries and displayed special interest in Chilean copper. According to his schedule of activities, he will go to Rancagua on Tuesday morning where he will meet with Hans Feddersen, general manager of the El Teniente division.

He stated that he is visiting Chile to finalize some commercial projects which sprang from conversations with the Chilean ambassador in Bangkok.

Concerning the economic growth recently experienced by his country, the government official said that this growth "has attained a satisfactory level in spite of some problems."

#### Program

The delegation is made up also of Vice Secretary General of the Prime Minister Pracha Boonyanate; the Director-General of the Ministry of Trade, Capt Suwit Thatphithakkul; the Director of the International Policy Division of the Office of the Prime Minister, Dr. Maitre Denudom; the representative of the Ministry of University Affairs, Tarnthong Thongswasdi; and members of parliament and other personalities from that country.

During his 4-day stay, the Thai deputy prime minister will confer with President of the Republic Gen Augusto Pinochet and with the ministers of interior, of foreign relations, of economy, of education, and of agriculture.



Today, Monday, at 0930, he will be received in audience by Interior Minister Sergio Onofre Jarpa. At 1130, he will lay a floral offering before the Monument of the Liberator Bernardo O'Higgins, at the Altar of the Fatherland.

At noon he will meet with Foreign Minister Jaime del Valle who will decorate him with the Grand Cross of the Order of Merit of Chile in the Red Room of the Foreign Office, in La Moneda Palace.

This afternoon, at 1530, Boontheng Thongwasdi will attend a round-table conference in the International Studies Institute of the University of Chile, while at 1800 he will be received in audience by Education Minister Horacio Aranguiz.

Later, Minister Jarpa will give a dinner in honor of this high Asian government official.

#### At El Teniente

The Thai deputy prime minister and his party will go to the El Teniente mine of COMELCO /Copper Corporation/ in Rancagua on Tuesday morning, where he will lunch with Hans Feddersen, that division's general manager. He will then return to Santiago where he will reciprocate by giving a dinner to Chilean officials in the Crowne Plaza Hotel.

Talks with Minister of Economy Modesto Collados and Minister of Agriculture Jorge Prado are scheduled for Wednesday.

At 1300 on that day, the Thai official is to have an audience with the President of the Republic Gen Augusto Pinochet Ugarte.

The Asian delegation's return trip has been scheduled for 1530 on Wednesday.

#### Other Meetings

The schedule furthermore includes meetings of the Director General of the Ministry of Trade of Thailand, Capt Suwit Thatphithakkul, with the economic director-general and representatives of the private sector; there will also be a meeting between the director of the international policy division in the Office of the Prime Minister, Dr. Maitree Denudom /as published/ with the director of bilateral policy.

5058

CSO: 3348/35

2-YEAR PLAN EXPECTED TO PRODUCE EXPORT MARKET IN SWITZERLAND

Santiago EL MERCURIO in Spanish 8 Oct 84 pp B-1, B-2

/Text/ "The 2-year plan, which will reach its high point in 1986 and which has the full support of business organizations in both countries, must yield an effective increase in Chilean exports to Switzerland. That country provides largely favorable conditions for attaining this objective, to the point where it can become an excellent trade partner."

This opinion was expressed by Alejandro Skoknic, the head of the Pro-Chile Trade Office in Bern, which was opened recently precisely to carry this plan out.

This official is in the capital in connection with the visit to be made by the director general of the Swiss Federation of Importers and Wholesalers, an organization that is made up of that country's biggest business operators.

According to Skoknic, the prospects are also largely favorable in the matter of Swiss investments since the support of the United Nations Office in that country has been obtained; that office has the job of finding capital to be used in financing industrial projects in developing countries.

He indicated in this respect that the above-mentioned agency is drafting a program designed to put potential investors in touch with projects having to do with exports from Chile, preferably in amounts between \$500,000 and \$3,000,000. This initiative will in any case be carried out in close coordination with the Foreign Investment Committee.

Skoknic said that the effort made by Rolando Ramos, ambassador of Chile in Switzerland, in business circles, as well as the support given by the Chile-Switzerland Businessmen's Committee, the Factory Development Society, chaired by Sergio Vergara, persuaded ProChile to conduct a study on the prospects of exporting Chile's products to that country. This initiative gave rise to the establishment of the trade office which he manages.

He explained that, at this time, he is involved in the intensive phase of establishing high-level business contacts, supplemented by the task

of field followup, in which connection Swiss organizations, directly involved in international trade, will be called upon to help.

In this connection he stressed the cooperation given by the Latin American Chamber of Commerce in Basel which imported half a container of bottled red wine from Chile to be given to its members. The other organization, whose support has been fundamental, is the Federation of Importers and Wholesalers of Switzerland which consists of about 5,000 enterprises with an annual business volume of more than \$35,000 million.

#### Export Prospects

Skoknic noted that until a little more than a year ago, Chilean products were practically unknown on the Swiss market; he added that there are great possibilities in that country for various articles from the agricultural and fruit-growing sectors, along with articles from the mining and fishing sectors.

He explained that Chile has effective advantages on the Swiss market as regards special vegetables since it can export these items during times when they are not being grown in Switzerland because of the season.

It must be emphasized that trade between Chile and Switzerland in 1981 came to \$57.1 million; in 1982, the figure was \$85.1 million and in 1983 it was \$41.5 million. This year, the trade level seems to be going up considerably.

#### Trade Mission

To attain the objective of developing a sustained flow of shipments to Switzerland, the official announced that a trade mission would go to that country between 17 and 24 November; the members of that mission will have an opportunity to establish contacts with their counterparts, both in Bern and in Zuerich and Basel.

On that occasion they will be able to attend the Annual Meeting of the Federation of Swiss Importers and Retailers in Bern, as special invited guests. This event will coincide with the start of the meeting of the Swiss part of the bilateral committee in which important business operators of that nation will participate.

Skoknic expects that the mission will remain in Zuerich for 2 days as guest of the Latin American Chamber of Commerce of Switzerland and the United Nations. There the mission will be able to develop individual contacts and at the same time it will be able to discuss projects of commercial interest and investments and joint ventures with Chilean enterprises.

#### The Basel Fair

To supplement all of these activities, Chile will, according to Skoknic, attend the Basel Fair which will be held in March of next year and which is the most important fair in Switzerland.

In this respect he said that he expects export contracts to be worked out mostly for the agricultural, fishing, mining, and lumber sectors.

On the other hand he expects that a mission of Swiss businessmen will visit Chile next year; this will coincide with a symposium on business possibilities between Chile and that country.

In the context of this policy aimed at closer trade ties, there are other activities which are being carried out, such as restaurant weeks, the establishment of a tourist office to provide impetus for reciprocal tourist travel in this field of cultural, artistic, and other exchange.

"In this way," said the official, "we are trying to create a better framework so that our exporters will have every possible chance to get into the Swiss market where they will certainly find the necessary continuity for operation on that market; this aspect has not always been guaranteed in other countries."

He noted finally that "Switzerland is an excellent international center of contacts for Chilean exporters since regions such as the Middle East or the countries of the East are widely known by traders and merchants from those parts of the world, with whom it is entirely feasible to work out joint business deals."

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CSO: 3348/35

## MINING PRODUCTION RISES DURING FIRST SEMESTER

Santiago EL MERCURIO in Spanish 8 Oct 84 p B-1

/Text/ During the first 6 months of this year, mining output developed positively and significant increases were recorded in the most important articles involved in this effort.

The total saleable copper output came to 433,500 tons during the period of January to April; it is estimated that the increase between the first half of 1983 and the first half of 1984 will be close to 9.8 percent. It must be recalled that a drop of 2.9 percent was recorded between those same periods of time for the years 1982 and 1983.

In spite of the above, actual copper exports up to June of this year showed an increase of only 3 percent; this leads us to assume that the unfavorable conditions regarding international prices for this metal sprang from the accumulation of stockpiles.

### Greater Output Increases

The output of iron mineral during the first half has been estimated at almost 3.5 million tons; this points to an increase of more than 20 percent compared to the same period of time last year. As we note in the graph below, iron is the item that shows the greatest output increase between the periods of time analyzed.

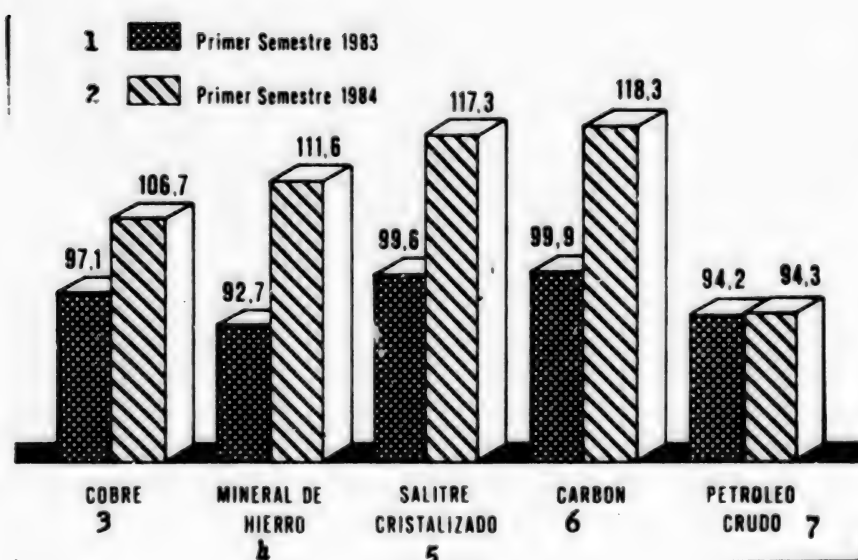
The output of coal shows an increase of 18.4 percent as compared to the first 6 months of the last 2 years. This increase is basically due to the impetus given to that industry and the recent substitution of other energy sources--especially oil--which has been accomplished in recent times.

### Salt peter and Petroleum

Until last June, the output of crystallized salt peter for the year, so far, came to 376,513 tons, a figure which is 17.7 percent higher than the figure for the first half of 1983.

The increase in the output of saltpeter is basically due to the significant revival in domestic agricultural activities. This can be seen by analyzing the export figures which, between the periods of time considered here, show a drop close to 18 percent, in spite of the fact that foreign prices for this product practically did not change at all.

Finally, the output of crude petroleum during the first half of this year came to 1,136,000 cubic meters, a figure that is slightly higher than the figure for the first 6 months of 1983. However, the development pointed out here is basically satisfactory since, at the beginning of the year, it was estimated that the output of that mineral should drop in 1984 due to the exhaustion of some deposits.



Development of Output of Main Mining Products (Index for First Half of 1982 = 100)

Key: 1--First half of 1983; 2--first half of 1984; 3--copper; 4--iron mineral; 5--crystallized saltpeter; 6--coal; 7--crude petroleum.

5058

CSO: 3348/35



CHILE

BRIEFS

SANTIAGO INTENDANT REPORTEDLY REPLACED--[Report from La Moneda Palace by Osvaldo Vega] This noon it was leaked from sources close to La Moneda Palace that Major General Osvaldo Hernandez Pedreros will be designated as the new intendant of the metropolitan region. Gen Hernandez Pedreros is currently Army inspector general and will replace Major General Roberto Guillard Marinot, who will go to Washington by year end to be the head of the military mission in the United States. [Text] [Santiago Radio Cooperative in Spanish 1615 GMT 15 Oct 84 PY]

CSO: 3348/71

## COSTA RICA

### PVP REAFFIRMS WORKER SOLIDARITY DESPITE STRIKE OUTCOME

San Jose LIBERTAD REVOLUCIONARIA in Spanish 5-12 Oct 84 pp 4-5

[Text] The outcome of the banana strike along the southern Pacific coast has prompted great concern among our country's grassroots leaders as well as a great deal of speculation.

Now that the strike has been unsuccessful in resolving worker grievances, the traditional questions arise: Was the strike prepared properly? Was it conducted properly? Was the enemy's response anticipated? And many other similar ones. Therefore, we need to reflect today on the political situation in which the strike broke out and its immediate background.

#### The Situation in the UTG [Golfito Workers Union] Before the Strike

The UTG had been losing its aggressiveness in the years following the 1980 strike. Its organizational structure had weakened considerably, mainly in Coto and Golfito; its membership was declining, and its leadership, headed by Isaias Marchena and Jesus Garbanzo, was evidencing more weakness every day.

The company took advantage of this to impose its conditions. We will recall that in recent years it ordered only one increase in the pay rates it had set at its fancy, revising upwards by eight percent only those that it chose to. UTG leaders Marchena and Garbanzo blundered so badly that they did not even speak out against the fifth labor contract in time, which forced the union to accept its extension.

In the face of these serious mistakes by their leaders, the forsaking of efforts to expand the union and strengthen its structure and the weakness of the union itself, the workers decided at a mass General Assembly to depose them and appoint a new leadership to correct these errors.

As soon as the new leaders of the UTG were in their posts, they devoted themselves to strengthening the union's organizational structure, launching a major membership drive that brought in more than 400

new affiliates and reestablishing the Rank-and-File Committees at all estates. At the same time, they rallied the workers in defense of the collective bargaining agreement and to push for a wage increase. The firmness of the new leaders and their correct stand vis-a-vis United Brands quickly won them the respect of the workers.

#### Wage Talks Begin

The UTG leaders tried for 8 months to negotiate a wage boost with the company, but they always came up against a hardline position and offers of ridiculously small raises. It was during this period that they put together the union's organization and got the workers in the mood for the struggle. The rallying cry of "a raise or a strike" took hold among the workers. The negotiations dragged on for months, and towards the end a head-on collision seemed inevitable.

United Brands decided to withdraw from the negotiations and to order a unilateral boost that did not meet the workers' demands in the slightest. A strong response to this maneuver was indispensable; the rallying cry of "a raise or a strike" had to be put into action, or else morale would have been shattered throughout the southern banana plantations.

The company was trying to deceive the workers by ordering the raise, and it circulated a letter attacking the UTG and announcing its unilateral decision. It was thus hoping to head off a response from labor and, at the same time, strike a blow at the union leadership. It called on the workers to forsake their leaders and accept the wage boost. The workers were thus forced to resort to their best weapon: the strike. To have done otherwise would have meant accepting this arbitrary decision, which would have condemned us to subservience, led us down the road to the destruction of the union and forced workers to abandon its ranks because their ambitions were being frustrated and their organization was incapable of fighting for them. The choice was clear-cut: bow to the dictates of United Brands or fight.

#### United Brands' Policy Has Always Been Not to Negotiate

When they went on strike, the workers knew that since 1934 the company has taken only one approach: no negotiations. Conflicts with the company have always been settled through direct negotiations with the government.

We deduced correctly at the time what the government's approach might be. Experience told us that we would be able to work out an agreement if we backed the movement strongly and showed solidarity. This analysis was correct for that particular time. We will recall that a few days before the change in the cabinet the labor leaders were summoned by the government to negotiate a settlement to the conflict, and there was even talk of taking over the company to put an end to the strike.

The fact is that we were close to reaching an agreement. What is more, we can say that there was common ground between us and the government on fundamental issues.

#### Cabinet Changes Altered Government's Position

Just as the strike call was being issued, major changes were taking place in the balance of power inside the government, behind-the-scenes changes that went unnoticed at the time. After the strike broke out, the chambers held their meeting in the Kamakiri and gave the government their ultimatum. They were demanding that it pursue a policy of aggression against Nicaragua, that it not negotiate while a strike was on and that it crack down with full force on any grass-roots movement. We will also recall the direct intervention of the Yankee ambassador, who met with the minister of the presidency, Fernando Berrocal, and demanded that he club the striking workers to death. In making changes in his cabinet, President Monge gave in to the demands of the chambers and the U.S. Embassy, as he placed their men in major ministerial posts such as Public Security and Agriculture. The rise of the most reactionary factions in the Executive Branch marked a turning point in his policy.

As we indicated previously, the government and the company placed their political interests first, in spite of the huge economic losses they suffered, around 700 million colones by the end of the strike.

They wanted to show the grassroots movement that they were willing to crack down with maximum force and at any price on any protest by the people. Thus, defeating the strongest and most combative sector of the workers was a very important step in their overall strategy. The ruling class was aided in achieving this goal by the short-sightedness of many labor leaders, who did not grasp the the new repressive policy that the oligarchy-imperialist bloc and its government had adopted. They did not realize that if the struggle of the workers in the south had been backed by the labor movement, they could have dealt a serious blow to this policy. In spite of their setback, the UTG banana workers pointed with their heroic struggle to the proper method of confronting this repressive, anti-people's policy. This strike, like the one in 1934, will be an example for the future struggles of the workers.

#### Length of Strike Showed Sound Leadership and Preparation

The fact that the heroic combat of the banana workers lasted 72 days is the most compelling evidence that the leadership and preparation of the strike were sound. Otherwise, it would have been impossible to hold out for so long against the brutal repression of the police and the pressures of the company.

The explanation of the setback we suffered is not to be found in these factors. Never in the history of the labor movement had the workers faced off against a government so submissive to the dictates of imperialism as in this class struggle. Never had a labor minister wallowed in such servility as Minister Calvo did. Never before had strike solidarity been as widely denied by opportunists as this time. In spite of the huge forces that opposed us, we banana workers were able to resist and to conserve our strength for the next class battles.

#### Tenacious Struggles Cannot Be Regarded as Defeats

Rightwing opportunists always attribute any setback for the grassroots struggle to the lack of preparation, to poor leadership. They will always say that the conditions were not ripe for launching the struggle. They will always say that we have to wait until all conditions are favorable. They are thus trying to justify their conciliatory approach of recommending that the workers tone down their class struggle and yield to the dictates of the oligarchy-imperialist bloc.

Waiting until conditions will guarantee victory is condemning the workers to accepting the crumbs that the bourgeoisie throw them; it is renouncing the class struggle and the struggle for power. Before the period of direct access to power, the working class will always struggle against a stronger enemy who has the power of the State and mainly the forces of repression at his disposal to strike back. The workers will often be defeated in the class struggle, but if these defeats occur in a tenacious struggle, not as the result of betrayal, then they will strengthen their revolutionary mettle and prepare them for the final victory.

The Mora supporters, prominent representatives of rightwing reformism and opportunism, stymied the solidarity of the labor movement, mainly the solidarity of the banana workers from Carmen and Imperio, Rio Frio and La Estrella valley. These workers, who had learned from their own experience that solidarity among class brothers is a major factor in achieving victory, were discouraged by the leaders of the Mora backers and were stirred up to oppose the strike. In a bid to conceal their betrayal, they are today claiming that the leaders of the UTG and the CUT [United Confederation of Workers] made mistakes in preparation and leadership; through their number one leader Manuel Mora they are joining the bourgeoisie's campaign against the heroic banana workers.

#### Mora Slanderosly Suggests That It Was an Uprising, Not a Strike

In his radio speech a few days before the strike ended, Mora Valverde argued: "If this strike was conceived of as a strike and not as an armed uprising, then its leaders should have realized that in order to do battle with United Brands and its indisputable ally, the government, the main weapon had to be the solidarity of the entire labor movement."



He then went on to say: "Did its leaders struggle to organize the solidarity of the labor movement and of the people before pressing their workers to strike? They did not..."

Their tactics thus became totally obvious: we will refuse our solidarity, help the government and the company to isolate the strike and then say that solidarity was not organized. We will not spur solidarity work stoppages in Rio Frio and we will instead send Santos Obando to tell the workers that the UTG leaders are deceiving them, that the strike has to end and that an alternate negotiating commission has to be set up to sign a direct pact with the company. We will speak with the Labor Ministry and ask that it allow us to enter the estates with a police safe-conduct. We will thus "build a new union from the ashes of the UTG."

This is what these opportunists thought and did, but their maneuvers were, of course, rejected and repudiated by the workers, who indignantly kicked the traitors out of the area and reaffirmed their trust in their class leaders.

While the leaders of the CUT and UTG were persecuted locally, the Mora supporters proudly showed their police safe-conducts.

But this was not enough for Don Manuel. In his zeal to earn the support of the bourgeoisie, he engaged in slanderous intimations against the strike leaders, suggesting that an armed uprising, not a workers strike, was going on in the south.

This provocation earned him the support of the bourgeoisie and the major print media. The news radio station "Reloj" devoted an editorial to him in which it espoused his views. In the words of Rolando Angulo: "A strike has to be organized by capable people who have experience and who know when to negotiate." He surely had in mind the following part of Mora's speech: "Marchena has a reputation as a fine negotiator, and there is no lack of leaders today who believe that negotiating means reformism, not revolution." The similarities do not end here. Radio Reloj's editorial writer added that "the new group in power in the Communist Party believes in violence and intransigence," going on to say that "but the leaders in charge of the strike did not want a settlement. They were looking for violence..." an "uprising," Don Manuel would say.

Expressing his appreciation for the speech by the opportunist leader, the editorial writer of this antilabor station concluded with the following paragraph: "This shows that Sandinist tactics do not work in Costa Rica and that there must be a return to a home-grown communism, a form of Eurocommunism." This is the opportunists' reward for their betrayal; they have gained the support of the bourgeoisie but, at the same time, have earned the hatred of the banana workers along the southern Pacific coast, who now clearly see that the opportunists always wind up in the lap of the oligarchy.



## Mora Supporters Attack Company But Excuse Government

In all of its articles and interviews on the strike, the newspaper of the Mora supporters ignores the government's role, its repressive policies, the brutal crackdown by police, the toll of dead and wounded workers, the dozens of arrests, the searches and the martial law to which the strikers were subjected. Mora's backers use convoluted arguments and ignore these facts in an all-out bid to exonerate the government and President Monge. They go only so far as to say that Monge was under a great deal of pressure. They are thus trying to justify their policy of truckling to the ruling echelon of the National Liberation Party and to conceal their opportunistic policy of regarding the cabinet changes as a positive move by Monge, "who has saved democracy and peace," as they put it in their newspaper.

## Never Was a Strike More Harshly Repressed

The behavior of the police during this strike ought to compel the attention of the labor and grassroots movement. The repressive methods they used evidence a specialized corps with great military discipline and trained to hate the workers and their leaders.

The military takeovers of estates and registries [cuadrantes], the intimidation of workers at night by firing shots into the air, the searching of homes and, what is worse, the dispersion of the strikers with gunfire (tear gas just complements bullets) reveal to us new forms of repression and a shift in the methods of domination by the oligarchy-imperialist bloc.

The banana workers stood up to a modern, well-equipped army with only their two arms and their organization. Only their heroism enabled the workers to hold out in this unequal battle.

The crackdown on the banana workers has been extended today throughout the labor movement. ANDE [National Association of Teachers] branches are searched, and labor leaders are persecuted and criminal charges are brought against them for intimidation purposes. We are thus being shown an aggressive ruling class, emboldened by the support of imperialism, and a government that represents it better every day. These new conditions should encourage the grassroots movement to unite and expand its solidarity so that it can defeat this repressive, anti-people's policy. The watchword today must be unity and struggle in the grassroots movement.

## The UTG Remains Ready for Battle

After lifting their strike, the banana workers readied themselves for fresh struggles. The UTG continues to battle United Brands, and the banana workers are again unfurling the banners of respect for the collective bargaining agreement and for their union organization.

Many fantasized that this blow would put an end to the UTG, but the workers have retained their high combat morale and are reorganizing their forces. The company is now planning a new maneuver, having seen that the UTG is still strong and that the firings were not enough to destroy it. It is preparing a massive suspension of employment contracts. Its only goal is to do away with the union organization, but it will not accomplish it. The workers, with the solidarity and support of the entire labor movement and all of the people, will be able to stand up to this maneuver. The struggle goes on in the banana groves to the south; the UTG is alive and ready to defend the rights of the workers.

#### Church and Rectors Thanked

The workers have expressed their gratitude to those who supported them in their struggle, especially Monsignor Arrieta, who was always willing and ready to mediate a settlement to the conflict. The same can be said of many Catholic priests who offered their cooperation. They also thanked the rectors of universities and of the Technological Institute, who exerted great efforts to get the government to intervene and to settle the strike conflict constructively; they and Father Armando Alfaro, in fact, set up a committee that worked in this direction.

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CSO: 3248/34

## CUBA, POLAND PUBLISH JOINT COMMUNIQUE

Havana GRANMA in Spanish 19 Sep 84 p 5

[Text] Following an invitation issued by the minister of foreign relations of the Republic of Cuba and member of the Central Committee of the Communist Party of Cuba, Isidoro Malmierca, Stefan Olszowski, the minister of foreign affairs of the Polish People's Republic and member of the Political Bureau of the Central Committee of the Polish United Workers Party (PZPR), paid an official and friendly visit to Cuba from 15 to 18 September 1984.

The Polish foreign minister was welcomed by Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba and president of the Councils of State and Ministers of the Republic of Cuba. Their talks were held in a fraternal and friendly atmosphere.

Stefan Olszowski also had a meeting with Jesus Montane, an acting member of the Political Bureau and the Secretariat of the Central Committee of the Communist Party of Cuba.

Minister Olszowski placed a floral tribute at the monument to Jose Marti, and another at the tomb of Carlos Roloff, thus rendering homage to the memory of that son of the Polish people who fought for the freedom of Cuba.

The foreign ministers of the Republic of Cuba and the Polish People's Republic held talks in an atmosphere of friendship and mutual understanding. During their conversations, they discussed the development of and prospects for collaboration in all sectors between the two countries, exchanged information on the situations existing in their respective countries, and had an exchange of opinions on the main problems in the current international situation.

In analyzing the development of Cuban-Polish relations, the two ministers voiced satisfaction that sustained and multifaceted development on the basis of the principles of Marxism-Leninism and socialist internationalism has been achieved.

The Polish representative expressed high regard for the successes achieved by the Cuban people under the leadership of the Communist Party of Cuba in the building of a socialist society and enthusiastically praised the active policy and principles evidenced by Cuba in the international arena, as well as its role in the Movement of Nonaligned Nations.

The Cuban representative expressed satisfaction with the successes achieved by the Polish people, by the PZPR and the government of the Polish People's Republic in overcoming difficulties, as well as in the process of stabilizing the domestic situation.

The foreign ministers reiterated their forceful condemnation of the aggressive plans of the United States against the Cuban revolution and the policy of restrictions imposed on Poland, while at the same time demanding the complete, immediate and unconditional lifting of the U.S. economic blockade of Cuba and abandonment of the policy of intervention in Poland's domestic affairs.

Also, the two foreign ministers demanded the complete return of the territory occupied by the U.S. naval base at Guantanamo to Cuba.

The foreign ministers of the Republic of Cuba and the Polish People's Republic voiced satisfaction and praise of the results of the CEMA economic summit conference held last June in Moscow, and they expressed their conviction that the 39th session of the CEMA, which will be held in Havana in October 1984, will represent a major new step toward the ever-increasing economic integration of the member countries to the benefit of all their peoples.

The foreign ministers of Cuba and Poland reiterated their firm determination to continue working actively for the ever greater strengthening of the unity of the socialist countries, as the main goal of their foreign policies.

The Republic of Cuba and the Polish People's Republic resolutely condemn the dangerous warmongering policy of the United States, which is placing world peace in ever greater danger, and they voiced their determination to spare no effort with a view to avoiding nuclear war, reducing tensions on the international scene and returning to the process of detente and cooperation among nations with different political systems.

In their examination of the situation in Latin America, both parties expressed their great concern about the extremely dangerous atmosphere prevailing in Central America and the Caribbean due to the increasing U.S. military escalation on this continent, and they stressed the need to establish negotiations with a view to finding a just political solution to the conflict. Also, they voiced their support of the initiatives of the government of Nicaragua and the efforts of the Contadora Group.

Both ministers forcefully denounced the support given by the current U.S. administration to the counterrevolutionary elements working against the Sandinist regime from neighboring countries, and they denounced the acts of aggression committed against Nicaragua, as well as the mining of its ports in flagrant violation of international law and the right to free navigation.

The foreign ministers of Cuba and Poland expressed the view that the government of the United States should accept the 10 May 1984 verdict of the International Court of Justice, respecting the rights of Nicaragua to sovereignty and political independence and abandoning all the military and paramilitary activities which violate the principles of international law.

Both parties stressed the continuing increase in the military and financial aid provided by the United States to the regime in El Salvador, and they said that the negative position of the United States is the main hindrance to a negotiated solution of this conflict such as has been proposed by the FMLN [Farabundo Marti National Liberation Front]-FDR [Revolutionary Democratic Front] and as international opinion demands. Reiterating their solidarity with the patriots in El Salvador, they denounced the continuing and increasing assassinations carried out by the death squads and the damage and civilian casualties caused by indiscriminate bombing by the armed forces of that country. The foreign ministers of Cuba and Poland hailed the Revolutionary Patriotic Movement of Guatemala.

The two ministers denounced the colonial domination and annexationist aspirations of the United States concerning Puerto Rico, and voiced their support of the just cause of the Puerto Rican people in demanding sovereignty, self-determination and full independence. They also demanded a solution to the problem in the Falkland Islands, based on the resolutions adopted by the United Nations in this connection.

The foreign ministers of Cuba and Poland condemned the interventionist policy of the U.S. imperialists in the Caribbean, which is expressed in direct military aggression, as in the case of Grenada, and interference in the affairs of the area, as well as measures affecting the economies of the countries in this zone. They expressed their concern about the ever more obvious intention of the Reagan administration to regard the Caribbean and Central America simply as the stage for this imperialist policy and presumed "safety zones" for the United States. They reiterated their condemnation of the evil U.S. invasion of the small island of Grenada, and demanded the immediate withdrawal of the interventionist forces occupying that Caribbean nation.

The two parties voiced their support of the just cause of the Panamanian people desiring to regain their sovereignty over the canal, and in this connection, they urged the strictest adherence to the agreements contained in the Torrijos-Carter Treaties by the United States.

The two ministers warned the international public about the dangers to international peace underlying this concept, and they stressed that the full responsibility for the events resulting from this increasingly aggressive policy falls to the administration in the United States.

Both parties reiterated their condemnation of the fascist and repressive government of Augusto Pinochet, and they voiced their full solidarity with the Chilean people in their revolutionary struggle for their freedom, at a time when the Tenth Protest Campaign against this opprobrious regime is being held.

In analyzing the situation in Europe, the two ministers noted that the placement of new U.S. nuclear missiles in various countries in Western Europe has created an additional danger to European security, and to world peace at the same time. They emphasized that the revanchist factions in the FRG and the challenge to the territorial and political realities which emerged in Europe



after World War II constitute causes of concern. Respect for these realities is today and will in the future continue to be the key prerequisite for maintaining security and peace on the European continent.

The foreign ministers of Cuba and Poland noted that withdrawal of the nuclear missiles installed in Western Europe is an essential condition for renewing negotiations, and they urge the United States to take concrete steps showing its real interest in reducing and limiting weapons on an equitable basis.

Both parties confirmed their support of the proposal made by the USSR and the other Warsaw Treaty countries at the Stockholm Conference pertaining to the extension of the commitment already made by the USSR not to make first use of atomic weapons to the rest of the nuclear powers. Also, the two foreign ministers came out in favor of launching negotiations on the prohibition of antisatellite weapons with a view to avoiding the extension of the armaments race to space.

The two parties urged the immediate cessation of the policy of force and support of it, as well as abandonment of the policy of intervention in the domestic affairs of other sovereign nations, which is one of the main causes for the dangerous increase in tension in Europe and throughout the world. They also came out in favor of a return to friendly and mutually profitable collaboration, free of any form of discrimination, in all fields, consistent with the provisions of the final document of the CSCE.

The heads of the foreign affairs ministries in Cuba and Poland studied the complex situation existing in the Middle East, and stated that it constitutes a serious threat to peace in that region and in the world.

The two ministers expressed their view that a stable peace in this region can only be achieved through the full recognition by Israel and its allies of the legitimate rights of the Palestinian people. They reasserted their support of the Palestine Liberation Organization (PLO) as the sole legitimate representative of that people.

Both parties resolutely condemned the brutal aggression against Lebanon by Israel. They also voiced their firm solidarity with the Syrian Arab Republic, which is facing up in determined fashion to the Israeli attacks, and they demanded the withdrawal of the Israeli forces from all the occupied territories.

The two foreign ministers voiced their concern about the worsening conflict between Iraq and Iran, while urging both countries to put an end to this devastating war, through negotiation and the search for a just solution.

After examining the situation in Africa, the two ministers denounced the continued economic and nuclear collaboration between the imperialists and the racist regime in South Africa, making possible the maintenance of the policy of oppression pursued by the apartheid regime in South Africa and Namibia, and its aggression against the Front Line countries. In addition, they voiced their solidarity with the brave struggle of the South African people,



led by the ANC [African National Congress], their sole legitimate representative, for the advent of a free, democratic and just society.

The two parties demanded an immediate halt to the illegal occupation of the territory of Namibia by South Africa, and they voiced their support of the immediate implementation of UN Security Council Resolution 435/78 concerning its independence. They also voiced their support of the SWAPO [South-West African People's Organization], the sole legitimate representative of the Namibian people.

The two ministers forcefully denounced the efforts of the United States and South Africa to link Namibian independence with the withdrawal of the internationalist Cuban troops from Angola.

The two parties forcefully condemned the South African aggression against the People's Republic of Angola, and demanded the immediate withdrawal of the racist troops from the territory in this country they are illegally occupying and a halt to aid to the counterrevolutionary gangs. In this connection, the representative of Poland expressed high regard for the internationalist contribution made by Cuba to the cause of the independence and territorial integrity of the People's Republic of Angola, and he voiced his full support of the joint declarations of the governments of Cuba and Angola dated 4 February 1982 and 19 March 1984, because of their importance to the achievement of peace, full independence and security in Angola.

The two parties voiced their fraternal solidarity with socialist Ethiopia, which is sparing no effort to develop good neighborly relations with all of the nations in this region, while at the same time energetically condemning the plans of the United States and its allies to establish naval bases in the African Horn region.

The two ministers indicated their support of the young revolutionary processes in Ghana and Burkina Faso and they expressed solidarity with their independent policies with regard to imperialist pressure.

The two ministers voiced their support of the cause of the Saharan people and their solidarity with the struggle for national self-determination, consistent with the resolutions of the UN and the Organization of African Unity (OAU).

The two parties stressed the importance of the OAU to the countries on the continent, and they expressed their approval of the role played by that organization in the struggle against colonialism and for the strengthening of the independence and sovereignty of the African nations and their economic and social development. They also voiced their faith in the ability of the OAU to maintain its unity.

The two ministers voiced their militant solidarity with the peoples of Vietnam, Laos and Kampuchea in their struggle against the constant aggression by the imperialists and their allies, of which they are the victims, as well as the great efforts being made to advance in the building of socialism.

The heads of the foreign affairs ministries of Cuba and Poland expressed support for the proposals of the various conferences of foreign ministers of Indochinese countries that Southeast Asia be transformed into a zone of peace, stability and cooperation, and they voiced their support of the government of the People's Republic of Kampuchea as the true representative of the Kampuchean people.

The two parties reiterated their support of the just proposals for peaceful reunification made by the Democratic People's Republic of Korea.

The two foreign ministers expressed their recognition of the independent and nonaligned policy of India and voiced their support of its administration as president of the Movement of Nonaligned Nations.

The Cuban and Polish ministers support the initiatives and activities designed to transform the Indian Ocean into a zone of peace, and they demand the dismantling of the U.S. bases in that zone.

Both parties stressed their great concern about the serious consequences of the economic crisis in the capitalist world, especially for the countries in the process of development, due to the size of their debts to the West.

Both parties indicated that this situation represents a source of great tension, and its solution requires the establishment of a new international economic order contributing to the integral development of the peoples and gradually reducing the inequality among nations.

In the course of their talks, the minister of foreign relations of the Republic of Cuba and the minister of foreign affairs of the Polish People's Republic expressed satisfaction with their total unity of views on the subjects discussed, which they deemed of extreme importance to the establishment of closer ties of friendship and mutual collaboration between the two peoples and countries.

Polish Minister of Foreign Affairs Stefan Olszowski invited Cuban Minister of Foreign Relations Isidoro Malmierca to pay an official and friendly visit to Poland. The invitation was accepted with thanks.

City of Havana, 18 September 1984, Year of the 25th Anniversary of the Triumph of the Revolution

5157

CSO: 3248/36

## PCC MAKES EFFORT TO IMPROVE MEDIA EFFICIENCY IN SANTIAGO

Havana GRANMA in Spanish 19 Sep 84 p 2

[Article by Alina Martinez Triay]

[Text] What are the shortcomings which are still hindering the work of the mass media, and what steps has the party taken in Santiago de Cuba to eliminate them? The answer to this question was provided in practical fashion in an analysis, which resulted in concrete agreements, made recently of the exercise of criticism in the media by the executive bureau of the provincial committee in Santiago.

As many of the problems found are the same as those existing in other provinces, we believe that the assessments of the analysts in the Santiago and the agreements made to undertake the solution represent valuable experience.

But before going into these explanations, we should not forget that this analysis had as its background a systematic effort by the provincial bureau. That bureau periodically examined the fulfillment of the party agreements in this sphere, and has closely followed the exercise of criticism. It has demanded of the militants and the organizations at the base behavior consistent with the role which falls to them in support of the mass national and provincial media. It has seen to it that the bodies criticized in the written press and on radio and television provide convincing and timely responses. It has facilitated the development of editorial opinion, and has insisted on greater objectivity, depth and specialization therein.

The results achieved as a result of the critical works published have in general been positive, since the majority of the problems set forth have been given attention and solutions.

However, despite the fact that important steps forward have been made in the exercise of criticism, and in the effort to improve the quality of the media in the province in general, this work still does not measure up to the demands of the party.

#### Raising the Theoretical and Journalistic Level of Newsmen

Among the main shortcomings which came to the fore during the analysis made by the executive bureau of the provincial party committee are the insufficient political-ideological and technical-vocational training of some journalistic

personnel, and the difficulties existing in the access they have to the information they need to engage in analytical and editorial journalism.

To resolve these problems, the party has asked the Journalists' Union in the province to increase its efforts in order to continue raising the theoretical and journalistic level of its members, through the organization of post-graduate courses, lecture cycles, seminars, etc.

In addition, the need for the cadres and officials of the party, state bodies, mass organizations and the UJC [Union of Young Communists] to promote better and more systematic information for and guidance of the journalists was set forth.

Other forms of implementing this proposal are the organization of regular meetings of party and government leaders in the province with journalists, and the inviting of these leaders by the departments in the auxiliary party apparatus to the meetings held to analyze their respective areas of effort, so that they will become familiar with the most important tasks and activities.

The provincial bureau stressed that critical work should take up the basic problems in the economy in the territory, and it noted that the possibility of recommendation by party cadres on all levels that materials of this nature, pertaining to the difficulties or shortcomings detected in the various spheres with which they deal, be published, could contribute greatly in this connection. The bureau deemed it indispensable that the main issues which in the judgment of the party are halting or hindering economic and social development in the province be taken up in the press.

It was demonstrated that there is a lack of initiative on the part of the journalists in proposing critical works, the majority of which have been suggested by the management of the mass media.

#### Response to Criticism

One aspect in which insufficient progress has been made in the province has to do with the fact that critical journalistic work does not always result in responses to the problems posed or the adoption of measures to resolve them.

So that this can be achieved in all cases, the management of the press organs must be more demanding of journalists and control them better, with a view to obtaining convincing explanations from the bodies criticized such as to resolve the problems set forth to the people.

It was explained how harmful it is to publish a critical work and call the attention of the masses to a shortcoming and then to fail to resolve it, and it was noted that this leads to conjecture, opinions and even rumors or lies totally opposed to the desired end.

Another problem detected by the party is that the managements of the various media in the province do not always exhaust all the methods and procedures

through which the bodies or enterprises criticized can react publicly to the shortcoming pointed out to them.

#### Greater Exigency in the Bodies Criticized

In 1982, pursuant to a resolution of the provincial party bureau, an article was published in a news bulletin for the organizations at the base which offered a full report on criticism and the role the base units should play in carrying out the resolutions of the higher bodies.

Although progress has been made here, it was decided that there is a need to continue strengthening the effort in this connection, through greater exigency in the base units and committees in the bodies which are the focus of media criticism. In addition, in each case an analysis should be made of where responsibility lies with the militants involved in these situations, in accordance with the provisions of the resolution of the 9th Plenum of the Central Committee and the recent instructions of the political bureau.

Within the context of the analysis of the work of the press organs, the Revolutionary Orientation Department of the Municipality of Santiago de Cuba called a meeting of 10 base party organizations whose fields of action included administrative management units which had failed to implement the 9th Plenum resolution on the exercise of criticism, since more than 30 days had passed since the publication of the instructions and the required response had not been given. At the meeting with the base units, it became clear that the control measures for which the resolution calls had not been adopted in the majority of them.

Plans were made for the municipality party committees to undertake an analysis, during the second half of 1984, of the problems occurring in the bodies and enterprises within their territory which have failed to respond to the criticism published within the prescribed time. This meeting, attended by the directors of press organs, provided a suitable framework for each of the individuals involved in this task to gain a clear understanding of how he must proceed in order to achieve the common goal of keeping the public properly informed.

Also among the measures adopted by the provincial bureau in Santiago de Cuba is the holding of overall analysis meetings concerning the exercise of criticism in the mass media, with all journalists and the party leadership participating.

#### Support of the Organs of People's Government

A valuable supplement to the analysis by the provincial bureau of the party was the study carried out by the executive committee of the people's government concerning the political bureau instructions for raising the news efficiency level of the press organs.

The executive committee reached the conclusion that despite the achievements of the province in the news sector, there are still issues about which no



information is provided, which creates confusion and unease in the people. There is no justification for this, because it is not a question of secret data or strategic state information.

The executive committee decided, moreover, that other means still remain to be exploited for achieving the purpose of keeping the management of the press organs and journalists informed.

It was also the view of the committee that the exercise of criticism in basic activities is not up to the required level, and that in many cases the percentage of responses by the management of administrations, bodies and enterprises is poor.

Another conclusion reached in this study was that it is necessary to continue expanding the links of the mass media with the people.

Because of all of the above considerations, the executive committee decided to adopt various specific measures with a view to implementing the instructions of the political bureau.

One of the main goals is to establish firm links with the press organs. In this connection, it was decided to hold a meeting of the executive committee with media managers and journalists prior to the holding of the ordinary sessions of the provincial assembly, in order to inform them about the main activities carried out, those planned and the most important subjects the assembly will take up.

The directors of press organs will have an opportunity to participate in the discussion of various points at the executive committee meetings, and will be invited to make certain tours in connection with the economic and social development of the province.

The provincial leaders in the various sectors, in coordination with the UPEC [Union of Cuban Journalists], will offer lectures to the journalists for the purpose of contributing to their specialized knowledge.

The provincial assemblies of the people's government will be carried direct by the local broadcasting stations, and in this way the people will be able to follow the discussion of the questions being analyzed there.

It was also decided to establish the necessary mechanisms to prevent any official or leader of the organs of people's government from limiting journalists' access to information, with the application of the pertinent penalties when this is done without justification.

Each executive committee and sectorial and enterprise management unit was instructed to improve the publicizing of its own respective activities, and in coordination with the CTC [Central Organization of Cuban Trade Unions], to devote greater attention to the voluntary correspondents' movement, which will without a doubt contribute to raising news services to the people to a higher level.



Similarly, the representatives of the people's government will be provided with more systematic information about the issues of interest to the masses, so that they will be in a better position to guide their electorate.

In the conclusions reached by the provincial people's government, stress was placed on the need to increase information on the violations of socialist law, price changes, the lack or short supply of some products the people should have, and the practical difficulties encountered in implementing the technical-economic plans.

The executive committee reiterated that it is necessary to continue to devote attention to the technical-material development of the provincial radio network, the strengthening of its structure and the quality of its management and technical personnel. It also noted that it should be borne in mind that broadcasting continues 24 hours a day, for which reason situations which should be reported during the night and early morning hours should not be held over until the following day.

Other recommendations suggested that during the visits paid by newsmen to the broadcasting station in a different municipality every week, greater emphasis should be placed on the news aspect, that increased opportunities for public participation should be offered, with a view to dealing with the interests of various population groups, and that a strong voluntary correspondents' movement should be promoted at the basic centers. It was also recommended that each time a weighty critical work is to be published, suitable advance notice be given and the officials involved be invited to hear the criticism, and it was suggested that greater and more energetic demands should be made of journalists who show lack of discipline or are slow to consult sources, and those who sometimes arrive late at activities they are supposed to cover.

#### Continuing Effort Needed

The assessments made by the party and the government in the province of Santiago de Cuba concerning the work of the mass media and the measures adopted to perfect the exercise of criticism, and in general to raise the level of news coverage, were adapted by the leadership of each press organ on the basis of its characteristics.

Much remains to be done to resolve the complex problems which have hindered the proper functioning of the written press, radio and television in recent years.

The effort to advance in this sector is not a temporary one. On the contrary, it represents a permanent duty not only of the management and journalists of the media, but also all party and state cadres, administrative officials on all levels and the party cells, which should become the zealous guardians of the implementation of party resolutions in this connection.

Santiago de Cuba has made a serious and profound analysis of the difficulties and shortcomings remaining in this activity, making it possible to adopt concrete measures to correct them. Their consistent implementation will

contribute to achieving the goal of our party, which is to increase the efficiency of our journalism constantly as an essential requirement for facing up to and overcoming any attack by the enemy in the realm of ideas and information for our people.

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CSO: 3248/37

## BRIEFS

CULTURAL AGREEMENT WITH BENIN--Comrade Frederic Affo, our minister of foreign affairs and cooperation, has just signed a draft agreement on cultural cooperation for 1984 to 1986 with the Cuban authorities in Havana. This agreement includes in particular the training of Beninese cadres in Cuba. Benin sends several scholarship students to Cuba. The agreement was signed during an official visit to Cuba by Comrade Frederic Affo. During a press conference, Comrade Affo said that Benin has great faith in cooperation with Cuba. He pointed out that the next agreement with Havana would include Cuban contribution toward the building of houses in Benin. Comrade Affo, who was expected to leave Cuba yesterday, held talks during his 1-week stay there with Vice President Carlos Rafael Rodriguez, and Minister of External Relations Isidoro Malmierca. [Text] [Cotonou Domestic Service in French 1930 GMT 19 Oct 84]

CSO: 3219/2

OPPOSITION MAYOR DEPARTS ON OFFICIAL VISIT TO CHINA

FL112140 Bridgetown CANA in English 2332 GMT 10 Oct 84

[Text] Roseau, Oct 10--Portsmouth Mayor Renwick Jean-Pierre [as received], an executive member of the opposition United Dominica Labour Party (UDLP), today left on an official visit to China, the party announced.

The party said that attempts at building relations exclusively with Taiwan, as in the case of Dominica, were "short-sighted" since the United Nations and the vast majority of countries in the world recognise the People's Republic of China as the legitimate representatives of the Chinese people.

The UDLP statement said: "The Portsmouth mayor sees his visit as an opportunity to consolidate friendly relations with the people of China and to secure assistance that could contribute towards the all-round development of the municipality of Portsmouth."

It added that many countries, including the United States and Antigua and Barbuda, have established relations with China and have all received substantial benefits.

The statement did not give the duration of the visit.

CSO: 3298/090

## MEXICO

### MORE PROTESTS OVER PRI STATE OF MEXICO CANDIDATE SELECTION

#### Almoloya Candidate Withdrawn

Mexico City EXCELSIOR in Spanish 27 Sep 84 pp 5-A, 27-A

[Article by Manuel Lino R.]

[Text] Toluca, Mexico, 26 Sep--The Institutional Revolutionary Party backtracked for the first time today, withdrawing one of its mayoral candidates in the State of Mexico. The surprise move came in the municipality of Almoloya de Juarez, where Filiberto Contreras Vilchis was replaced by Alfonso Estrada. PRI also acknowledged that it would reconsider its nominations in at least 10 municipalities.

Filiberto Contreras Vilchis, who had been nominated as PRI's candidate for mayor of Almoloya de Juarez, had just yesterday filed his candidacy papers with the secretary general of the party, Irma Cue de Duarte. He was informed today, however, that the party has reversed its decision and would nominate him as candidate for a syndic's seat.

Among the towns in which PRI is reconsidering its nominations, it was said, are Villa Victoria Tlatelaya, San Mateo Atenco, Temascalcingo, San Bartolo Morelos and Calimaya.

PRI must register all of its candidates with the State Electoral Commission this Thursday at 2000 hours.

The delegate of PRI's National Executive Committee (CEN) in the State of Mexico, Angel Sergio Guerrero Mier, said that the reconsideration in the specific case of Almoloya de Juarez was due more to an effort to reconcile interested groups and factions than to pressures.

"We do not accomodate pressures from minorities; we listen to the demands of majorities," he said, stressing that pressures from minority factions "neither frighten nor scare us."

As for PRI reconsidering some of its other nominations, Guerrero Mier indicated that "this is normal if we bear in mind that our party is not static; it is a party of action whose members have the opportunity to express themselves. This does not mean weakness; on the contrary, we feel that this way our candidates will be stronger on election day."

The party's CDE also reported that it would submit its list of mayoral candidates punctually to the State Commission, adding that they would all be made known today.

#### More Protests

In this city, close to 2,000 PRI supporters from Ocoyoacac marched to the Government Palace, where they met with the head of the Government Secretariat, Dr Heberto Barrera. They then headed for the PRI state building, where they protested what they regard as "a mockery of the resolutions of the 12th PRI Assembly," that is to say, the imposition of candidates who "are not from the people."

Our correspondent Julieta Diaz reported from Teoloyucan that yesterday evening the city hall was taken over by PRI supporters who were displeased about the imposition of Fortino Vargas as the party's mayoral candidate.

She also reported that the city halls in Zumpango, Teuypoxtla and Temazcalapa are still occupied by PRI supporters who have been spray-painting walls, handing out flyers and holding meetings to express their opposition to the mayoral candidates that PRI has nominated.

She reported that municipal and transit police patrols have all these city halls under surveillance and that so far no major incidents have taken place.

#### Additional Withdrawals; Favoritism Described

Mexico City EXCELSIOR in Spanish 28 Sep 84 pp 4-A, 28-A

[Article by Manuel Lino R.]

[Text] Toluca, Mexico, 27 Sep--As the deadline expired today for registering state mayoral candidates with the State Electoral Commission, PRI reported that it reversed only three of its nominations: in Almoloya de Juarez, Villa Victoria and Calimaya.

As of tonight, dissident PRI supporters were still occupying the city halls of Teuypoxtla, Temazcalapa and Teoloyucan, while in Ixtlahuaca and Ayapango they remained outside city offices voicing their opposition to PRI's candidates.

Referring to the protest demonstrations against several mayoral candidates, the secretary general of government, Leopoldo Velasco Mercado, said that they "are a logical consequence of political ferment," and he gave assurances that the government will guarantee freedom of expression "as long as there is no breach of the peace."

Astolfo Vicencio Tovar, a PAN [National Action Party] leader in the State of Mexico, described as "shameful what is happening in the State of Mexico." He added that even though his party is not interested in how PRI makes "its choices," it is absurd that there are still some naive people in the ruling party who think that democracy can work in it.



Nevertheless, he went on to say, his party is worried about internal PRI affairs harming the citizenry in general "because of PRI's dictatorial system," though there is no reason for it to affect the functioning of government. "This shows that PRI and the government are one and the same."

Furthermore, discontent again surfaced among PRI rank-and-file in the state over the selection of party candidates for syndic councilman in the 121 municipalities in the State of Mexico. "Upstarts and unknowns appear as candidates for these popularly elected posts. Once again the party has turned its back on the rank-and-file," it was said.

"Newcomer" in Ecatepec

Enrique Gazca, a CNOP [National Confederation of Popular Organizations] leader of marketplace vendors and tenant farmers, said that "opportunism is the order of the day in these cases. These popularly elected posts are being handed over to friends and buddies of state government officials. Once again the rank-and-file has been snubbed, and this could prompt further discontent."

Jesus Garcia Cruz, from the CNC [National Peasant Confederation] in Ecatepec, said that it seems as if "the posts of syndic and councilman are just consolation prizes for the people who have not fulfilled their mayoral aspirations." Here, he added, "the governor has a favorite" for a councilman's seat. "This fellow has been here for just a few months, and now they are trying to impose him on us as a representative of the people. This cannot be allowed, because this guy hardly knows the municipal capital."

The delegate general of PRI's CEN in the State of Mexico, Angel Sergio Guerrero Mier, said that his party's reconsiderations "in no way represent weakness; they merely show that our party pays attention to the majorities. PRI is not deaf to the demands of its members. We listen to them, and this has enabled us to put together slates proposed by the majorities. Thus, our candidates will be stronger at the 11 November balloting."

"The expressions of dissatisfaction," he added, "pose no concern to PRI. They show that our members belong to a party that is not static."

From Zumpango, our correspondent Julieta Diaz reports that the city hall building was turned over to Mayor Arturo Avila at noon. Demonstrators had taken it over last Saturday to protest what they regarded as the imposition of Cecilio Carrera as PRI's candidate.

After speaking with PRI leaders, the protesters relinquished the building in the presence of the state delegate of the Government

Secretariat, Oscar Urban Huerta, who verified that the building had not been damaged. Cecilio Barrera was confirmed as the party's candidate.

Finally, the state PRI organization reported that tonight it would reveal the names of the candidates who would replace Jose Gonzalez Archundia in Villa Victoria and Enrique Diogenes Condes Torres in Calimaya; their nominations were revoked.

#### Town Hall Occupations

Mexico City EXCELSIOR in Spanish 29 Sep 84 pp 4-A, 22-A

[Article by Manuel Lino R.]

[Text] Toluca, Mexico, 28 Sep--While PRI registered its candidates for the 121 mayoralties in the state with the State Electoral Commission, 3 town halls were still occupied by PRI members dissatisfied with the nominations, and groups of protesters from Chimalhuacan, Los Reyes de la Paz, Cuautitlan and Hueyoxtla voiced their displeasure outside PRI locals in this capital.

Nevertheless, PRI asserted that it has managed to reconcile the stands of its activists and that the protest demonstrations that are still going on in a few towns "are the work of minority factions that are not at all representative." The great majority of the outbursts of protest are over, and there is consensus regarding our candidates, the party said.

The town halls that as of last night were still occupied are the ones in Temazcalapa, Ixtlahuaca and Teoloyucan. Discontent among PRI backers over what they regard as "impositions" is still latent there, though according to the party "interests will be reconciled any time now."

In addition, protests continued in the town of Cuautitlan Izcalli against candidate Lorenzo Vera Osorno, who is said "to have a matter pending in court."

In Temazcalapa, an information commission indicated that "the people are not willing to accept Jose Garcia Garcia as their candidate; while he was a student at the Union y Progreso primary school in San Luis Tecautitlan, he engaged in immoral conduct."

According to reports from the town of Chalco, discontent has been plain there. Protesters indicate that Gerardo de la Riva Pinal is being forced on them by individuals who have nothing to do with the state, much less with the municipality, and that therefore "we will not accept him as our representative."

According to a report from Jose Guadalupe Gracia, Heriberto Lopez Garcia and Jose Luis Saucedo, who are members of a monitoring committee, PRI backers in Cuautitlan "are prepared to block the Mexico City-Queretaro highway to prevent PRI from going through with its whopping mistake of nominating Lorenzo Vera Osorno."

Lorenzo Elias Garcia, Ariel Hernandez Leyva and Jose Juan Ramirez Lugo, who continue to head up the opposition to Jose Corona Rosales as PRI's candidate for mayor of Chimalhuacan, reported that "the people of Chimalhuacan express their open opposition to Corona Rosales, who is merely a puppet of Carlos Enrique de las Heras, the CRESEN delegate here. De Las Heras, backed by CRESEM chief Gerardo Fernandez Casanova, would like to force Corona Rosales on us so that in due time he can seize the lands of some 4,000 families who have settled in what used to be Texcoco Lake and subdivide them."

Finally, in Teoloyucan, where the town hall is still occupied by protesters, our correspondent Julieta Diaz reported that they have demanded a reconsideration of Fortino Vargas Diaz's nomination.

In Heuypoxtla, the town hall, which had been occupied for 7 days in protest over the imposition of Dionisio Sergio Hernandez, was turned over in the presence of Severo Sandoval Mendoza, from the Government Secretariat, who certified that it had not been damaged.

After negotiations with PRI representatives from the CDE, an agreement was reached to keep Dionisio Sergio Hernandez as the party's candidate.

#### Protest Over Temascalapa Candidate

Mexico City EXCELSIOR in Spanish 30 Sep 84 p 36-A

[Article by Luciano Tapia G.]

[Text] Temascalapa, Mexico, 29 Sep--Amid tight security, about 5,000 members of PRI, among them students, merchants, blue-collar workers and peasant farmers, held a meeting at noon to protest the imposition of Jose Garcia Garcia as the party's candidate for mayor of this town.

Sergio Cruz Garcia, the secretary general of the municipal league of the CNOP; Emiliano Austria Alcantara, leader of the CNC; Alicia Margarita Quezada Garcia, chairwoman of the Municipal Steering Committee of the local PRI office, and Gustavo Cervantes Sosa, a party representative, gave assurances that they would not abandon the struggle they began 8 days ago, and they even talked of "taking up arms" unless the railroading and hand-picking of candidates ends in the State of Mexico.

The atmosphere downtown is very tense, and violence could break out at any time. Meanwhile, troops, civilian security forces and uniformed police are closely monitoring the roads leading to the town hall.

In the municipality of Temascalapa, which consists of 11 villages, 3 settlements and the municipal seat, residents are angry because the head of the State Steering Committee, Deputy Mario Ruiz de Chavez, and coordinator general Sergio Guerrero Mier "negotiated the candidacy of an upstart to guide the destiny of a town that will be governed by dishonest, corrupt people."

Municipal offices have been closed for 8 days now, and merchants decided to close their shops at 1600 hours to prevent security forces from attacking them, peasant and low-income group leaders stated.

The protesters said that Ramon Olivo, the secretary of the state leader, and Mario Ruiz de Chavez "issued a threat that we would be dislodged early this morning by whatever means are necessary because there is already a candidate, who is very famous in the State of Mexico."

Carrying banners that read: "The revolution of our PRI depends on the rank-and-file, and the rank-and-file realizes that there will be revolution only when they themselves can freely and democratically choose their representatives," the residents of Temascalapa voiced their discontent at the noon rally.

Singing revolutionary songs, bands of musicians marched at the head of the caravan wending its way through the main streets of this municipality.

#### Withdrawals Called Precedent-Setting

Mexico City EXCELSIOR in Spanish 1 Oct 84 pp 4-A, 38-A

[Article by Manuel Lino R.]

[Text] Ecatepec, Mexico, 30 Sep--The president of PRI in the State of Mexico, Mario Ruiz de Chavez, has described as expressions of "just dissatisfaction" the protests that the party's rank-and-file has voiced in several Mexico State municipalities over the party's nominations. He added that it has corrected its mistakes, acknowledging the legitimate rights of party organizations and their members.

As we know, PRI reversed its nominations in seven municipalities in response to demands from party activists.

Nominations were overturned in Villa Victoria, Almolaya de Juarez, Calimaya, Aculco and Coyotepec, among other towns.

This was the first time that PRI has officially admitted backtracking on its nominations. In Villa Victoria and Almolaya, in fact, the PRI candidates had already filed.

This development, Ruiz de Chavez said, "is nothing to be ashamed of; we're not perfect. We showed, though, that PRI is open to the demands of all its members. We listened to their demands, which also shows our party's great capacity for action. We are not a closed organization; the majority makes the decisions," he contended.

Interviewed at the close of the ceremony commemorating the birthday of Jose Maria Morelos y Pavon, Ruiz de Chavez acknowledged that there were some problems, not only in selecting mayoral candidates but also in drawing up the slates for town councils.

#### Interests Reconciled

"Nonetheless," he added, "I think that the bottom line is entirely positive, because the involvement of the majority enabled us to put forth our best candidates, which makes us very optimistic about the elections on 11 November at which local deputies and town councils will be chosen in 121 municipalities.

He stressed that the candidates were selected with direct input from all sectors, organizations and members. "Thanks to this," he said, "we succeeded in reconciling the interests of our members, and this, I think, shows best why our party is still in power."

Finally, he underscored that the nominations were overturned or reversed by demand of the majority, not of pressure groups. "Accordingly, and with the broad participation in the other municipalities, in which our candidates were got open support, we feel that we will score indisputable victories this 11 November."

According to reports, the town halls in Temascalapa, Iztlahuaca and Ayapango were still occupied as of tonight, but party sources said that negotiations had been going on and that, as in previous cases, the buildings would be turned over momentarily.

8743

CSO: 3248/29

## BRIEFS

FOREIGN DEBT, SERVICING COST--Deputy Planning Minister Nestor Avendano has reported that Nicaragua will pay over \$200 million to service its foreign debt despite the international financial embargo. He said that the servicing of the foreign debt is a political rather than economic problem, but that Nicaragua will fulfill its obligations despite the aggression faced by the Nicaraguan people. Avendano added that 10 percent of the country's budget is devoted to servicing the foreign debt of \$3.8 billion, 40 percent of which consists of credit lines granted by Latin American countries. [Text] [Managua Radio Sandino in Spanish 1830 GMT 19 Oct 84]

CSO: 3248/65



# PPC SAID FINANCED BY WEST GERMANY, VENEZUELA

Lima EQUIS X in Spanish 1 Oct 84 pp 24, 25, 26

[Article by Jose Benavente: "Who Finances the 'Toucan'"]

[Text] In the PPC [Popular Christian Party] they are not really saints and Christians as could be thought. To obtain funds to finance their political campaigns, they are not circumspect but capable of anything.

The party of the "Toucan" gets money from several countries including the FRG and Venezuela although it also resorts, when necessary, to the famous bonds which its sympathizers are required to pay for.

## German Marks

The money that comes from the FRG--estimated at about 1 billion soles--comes through the German Embassy in Peru, through the Konrad Adenauer Foundation and through an organization called Action and Democratic Thought.

Everything would be in order because anyone is free to donate his money to whomever he wants although it is not good for a Peruvian party to receive money from foreigners. However, the PPC members are very cunning and swindle the Germans. The money is given with the requirement that it be used to spread the Social Christian doctrine through seminars, pamphlets, etc.

What do the PPC members do? They use that money to finance their conventions and congresses. To trick the Germans, they make those attending these PPC political events sign lists that are sent to the FRG as if those attending came to meetings to spread the Social Christian ideas.

For those congresses and conventions, the Germans pay the fares of all the delegates who come from provinces, the lodging and the food for 200 persons per event. In other words, they rob and swindle the Germans. This is done with the knowledge of the German ambassador here who participates in this game.

The German Government also gives economic aid to the Christian Democracy and the National Confederation of Workers. In this way, they get money for objectives that are not precisely to spread Social Christian thought.

## Venezuelan Bolivares

Money was sent from Venezuela by COPEI [Social Christian Party] for the important 1980 political campaign of the PPC. This totaled 500,000 bolivares or \$117,000 which would be 510 million soles now. The former Venezuelan ambassador to Peru, Hildegar Perez Segnini, delivered the money sent by then president of Venezuela, Luis Herrera Campins, directly to the president of the PPC, Luis Bedoya Reyes.

Ambassador Perez Segnini delivered it to Bedoya who was accompanied by Enrique Calmet and Roberto Rotondo. Rotondo kept the money in his safe. The next day, accompanied by his Italian partner, Varinoti, he exchanged it at a commercial bank into dollar certificates which were delivered to Bedoya. That money disappeared by magic; it was never added to the PPC funds.

## Soles of Businessmen

Later, since money was needed for the political campaign in which Bedoya was a candidate for the presidency, bonds signed by "Toucan" were issued at the rate of 500,000 soles each. Their current value would be 10 million soles. Those bonds were shared by all the businessmen and rich people. The offer was that the PPC would reach power or else would support AP [Popular Action] and would negotiate the two ministries that interested them to return the favors--that is, the Ministry of Justice and the Ministry of Industry, Tourism and Integration.

That is how, with AP in power and the PPC as its partner, a series of cases like those of Garrido Malo and the negotiations with the laboratories were wiped clean. In the same way, an endless number of businessmen and bankers were favored in a series of negotiations that permitted them to be reimbursed for what they invested in the PPC campaign.

## CRAS Materials

Things do not stop there because the million-soles construction of the PPC building on Avenida Alfonso Ugarte was also achieved through a ruse in which former ministers Osterling, Rotondo and Buendia were involved. It was Rotondo who thought of leaving the facade of the building--because that is the law--and constructing an elaborate bunker within. The way they got construction materials was to take them from the San Jorge, Lurigancho and Canto Grande CRAS [expansion unknown] that were being built through Calmet and his figurehead, Richard Amiel. Construction materials were transferred constantly for almost 3 years from those CRAS to the PPC building that was inaugurated with great ceremony this year.

If anyone doubts these revelations, he should simply go to the places and persons mentioned. We are sure that the truth would come out. In the case of donations from the FRG, what can be criticized is that the money is used for objectives for which it was not intended and a foreign power is intervening in national politics. It would be necessary to investigate the interest in financing the campaign of the PPC which prides itself on being a party of a group

with very great economic power. In its ranks it has a team of first-rate businessmen, bankers and lawyers. The latter--Elias, Osterling, Alayza, Ramirez del Villar and Bedoya Reyes--have the largest national and multinational enterprises in the country as their clients. Of course, those enterprises and those businessmen do not give money easily without being sure that it will be returned to them with very large yields.

7717

CSO: 3348/31

## ELEVEN ARMY OFFICERS TO RETIRE: REPLACEMENTS SPECULATED

Lima OIGA in Spanish 1 Oct 84 pp 28, 29

[Text] On 31 December 1984, six division generals, two brigade generals and three colonels will retire after 35 years in the service of the country. They all belong to the Mariano Necochea class of 1950. Julian Julia Freyre (Cavalry) heads the list of division generals followed by Francisco Maury Lopez (Engineering), Mario Jimenez Ritcher (Infantry), German Parra Herrera (Communications), Jorge Torres Aciego (Artillery) and Hector Cornejo Villanueva (Cavalry).

The brigade generals that are retiring are Jacinto Alvarez Calderon (Communications) and Rodolfo Relayze Pancorbo (Engineering). The colonels are Oscar Linares Nunez (Infantry), Jaime Montesinos Ampuero (Infantry) and Alfonso Lostanau Anzardo (Cavalry).

It is known that the army has already selected the brigade generals up for promotion to division general and the colonels up for promotion to brigade general. On the chart we show the list of those selected. Those marked with an asterisk (\*) are the ones who, according to our reports, are considered certain for promotion.

## Chart of Army Promotions

<u>Branch</u>	<u>Name</u>	To Brigade	
		<u>Last Promotion</u>	<u>Class</u>
Art.	*Rodolfo Rios Vallejos	1980	Alfonso Ugarte
Com.	Hector Chumpitazi Calderon	1981	San Martin
Eng.	Cesar Noriega Lanfranco	1981	San Martin
Art.	*Ismael Araujo Vera	1981	Alfonso Ugarte
Cav.	*Juan Malatesta Sebastia	1981	Alfonso Ugarte
Art.	Victor Rojo Guimarey	1981	Alfonso Ugarte
Eng.	*Raul Briceno Zevallos	1981	Ramon Zavala
Cav.	*Lorenzo Cardenas Caro	1981	Ramon Zavala

# To Division

	<u>Name</u>	<u>Last Promotion</u>	<u>Class</u>
Artillery	*Juan Sarmiento Lazo	1976	Arias Aranguez
	Mauro Landa Tovar	1977	Arias Aranguez
	*Jose Vargas Babibi	1977	Ramon Zavala
	Filomeno Alborno Vargaz	1977	Belisario Suarez
	Anibal Ames Espinoza	1977	Belisario Suarez
	*Jose Guevara Romero	1977	Isaac Recavarren
	*Fabian Garcia Bustamante	1978	Isaac Recavarren
	*Julio Salazar Monroe	1979	Ricardo O'Donovan
Cavalry	*Anibal Quiroga Prietto	1978	Arias Aranguez
	Juan Campos Luque	1978	Joaquin Inclan
	*Jorge Rabanal Portilla	1978	Ricardo O'Donovan
	*Manuel Alvarez Peralta	1979	Joaquin Inclan
	*Juan Aranda Corzano	1980	Isaac Revacarren
Engineering	*Gaston Luna Guillen	1977	Arias Aranguez
	Rodolfo Trelles Meneses	1978	Ramon Zavala
	*Rafael Moral Rengifo	1978	Isaac Recavarren
	*Floreal Sanchez Azabache	1978	Isaac Recavarren
	*Salomon Delgado Malaga	1979	Arias Aranguez
	*Sergio Valqui Casas	1980	Isaac Recavarren
Infantry	Hector Velarde Zevallos	1977	Ramon Zavala
	Herman Cevasco Villagarcia	1978	Arias Aranguez
	*Hector Lovera Escate	1978	Arias Aranguez
	Hernan Yervis Bolivar	1978	Ramon Zavala
	*Luis Patino Flores	1978	Ramon Zavala
	*Victor Bustamante Garcia	1978	Belisario Suarez
	*Wilfredo Mori Orzi	1978	Ricardo O'Donovan
	*Nicolas Hermoza Rios	1978	Ricardo O'Donovan
	*Luis Briceno Vizcarra	1979	Isaac Recavarren
	*Juan Gil Jara	1979	Joaquin Inclan
	*Luis Monzon Yopez	1980	Isaac Recavarren
Communications	Alvaro Santivanez Villalobos	1977	Ramon Zavala
	*Wenceslao Salazar Diaz	1977	Ramon Zavala
	Miguel Victoria Arancibia	1978	Ramon Zavala
	Jorge Icochea de Vivanco	1978	Belisario Suarez
	*Oscar Perez Rodriguez	1979	Belisario Suarez
Administration	*Rafael de Souza Gonzalez del Valle	1976	Arias Aranguez

## WEEKLY URGES PEACE TALKS WITH GUERRILLA GROUPS

Lima EQUIS X in Spanish 1 Oct 84 p 18

[Text] The appearance of the new guerrilla group Tupac Amaru tends to greatly complicate the problem of subversion. It is an organization that until now was essentially urban, different from Shining Path which maintains the bulk of its forces in the rural area but shows surprising experience and combat ability. First, it shows that the persistence of 4 years of the Shining Path has generated the temptation in other violent currents to mount their own subversive systems. If things continue as they have so far, we must not be surprised when three, four, five or more guerrilla groups of different ideological sign and different strategy and tactics appear. For that reason, they are likely to confront each other in a spreading reinforcement of violence. We are traveling the road of Colombianization--not the road of peace inaugurated by President Betancur but that of the bloody epoch before his praiseworthy initiative. All this is, without doubt, the direct responsibility of Belaunde's government. With its lack of government in all fields, it permitted violence to perpetuate and spread. It is also the responsibility of the Armed Forces and institutions like the church. Aware of the obvious failure of this regime, they should have before and now should adopt decisions that are theirs historically in order to achieve a process of pacification with dialogue, social justice and defense of the state of law. It is not a matter of first asking for the end of violence--as Belaunde has done--and then taking measures of pacification. It is a matter of launching bold peace initiatives--as Betancur has done--so that violence ends. The fate itself of Peru is at risk.

7717

CSO: 3348/31



BRIEFS

ASIN MEMBERSHIP--Kingston, Oct 17--St Kitts and Nevis has become the newest English-speaking Caribbean member of ASIN--the information network among Latin American and Caribbean countries, Jamaica's national news agency, JAMPRESS, reported. ASIN, formed in 1979, links the national news agencies of member states. It held its annual assembly in Costa Rica last weekend where St Kitts and Nevis and El Salvador became its newest members. Antigua and Barbuda, Jamaica and Guyana are other Caribbean Community (CARICOM) members of ASIN. Grenada is also a member, but has not been active in the group since the political problems that led to the overthrow of Prime Minister Maurice Bishop and the American invasion of the island last October. At the assembly, Antigua and Barbuda's minister without portfolio, Henderson Simon, was elected a vice-president. [Text] [Bridgetown CANA in English 2016 GMT 17 Oct 84]

CSO: 3298/092

VENEZUELA

DEBT REFINANCING AGREEMENT REPORTEDLY CONTAINS SECRET CLAUSE

Caracas NUMERO in Spanish 7 Oct 84 pp 16-17

[Dispatch from the London-based LATIN AMERICAN NEWSLETTER and its correspondents in New York and Washington, special to NUMERO]

[Text] "The Venezuelan Government is entitled to portray the agreement in the best possible light for domestic political reasons, but the fact is that the behavior of the Venezuelan economy will be monitored in the same way that was agreed upon with Mexico."

NUMERO received the same answer in New York, London and Washington when it consulted bankers from the main institutions that have lent to Venezuela.

An analysis of what negotiators for Venezuela and the lender banks agreed upon suggests that there are two points on which Caracas would rather not give details.

The first has to do with the private foreign debt, which is estimated at around \$8 billion. In order for the rescheduling to take effect (the corresponding document has yet to be signed), a solution must be found for private debts. An understanding on this issue must come quickly and be definitively implemented by the first half of 1985.

To the bankers it is a resolutory condition: if there is no understanding on the second part, the first part is not valid.

The other controversial point has to do with monitoring the indicators of the Venezuelan economy. Although the Caracas negotiators would rather sidestep this issue, asserting flatly that the International Monetary Fund has nothing to do with this negotiation, the bankers stress that Venezuela agreed to a mechanism whereby the banks will learn every year how the major indicators of the Venezuelan economy are doing.

## Parallels with Mexico

From what the bankers say, the system will be identical to Mexico's. The IMF's technical teams, which annually compile confidential information for the fund's use, will have express authorization to convey their impressions to the committee of creditor banks and, thus, to all of the banks involved in the transaction.

If Venezuela departs from its current austerity program, if the government boosts its spending inordinately or if the country runs serious balance of payments deficits, the banks will summon everyone to sit down again at the bargaining table.

When NUMERO asked expressly whether failure to comply with this condition would prompt defeasance (that is to say, the agreement to be signed soon would become null and void), the only response that it got was: "The situation is exactly the same as with Mexico."

Last week, Mexican Government spokesmen confirmed off the record that if the country departs from its current policies, the banks will call for a new negotiation, which could lead to conditions other than the ones agreed upon recently.

The bankers fear that the 1988 election campaign will cause government spending to soar and thus put the established goals beyond reach. The rescheduling pact calls for sizable payments around that time: \$4.6 billion a year between 1986 and 1989.

The agreement that Venezuela hammered out is the same as Mexico's, except for the payback period: 15 years for the Mexicans, 12½ for the Venezuelans.

The commission, which was headed by Carlos Guillermo Rangel, hardened its stand when it learned the terms of Mexico's pact. As far as Caracas was concerned, Venezuela's objective circumstances demanded better conditions.

Venezuela's strength is that it will not need to ask for fresh loans in the coming years and that it has reserves of around \$1 billion. The bankers have their doubts about both claims. With regard to reserves, they say that more than half are not convertible and liquid.

As for new loans, they are convinced that Venezuela will turn to the financial market for \$2 to \$2.5 billion in 1986 or 1987 in an attempt to complete work on the Caracas subway, the Uribante-Caparo hydroelectric complex and the Guri dam. The government would like to point to these accomplishments in time for the elections.

One circumstance worked in Venezuela's favor. Both the IMF and Paul Volcker, the chairman of the Federal Reserve Board, wanted the pact to be announced just as the annual meeting of the IMF and the World

Bank was getting under way. Their wishes were fulfilled, and the spectacular announcement, plus the recent successful negotiations with Mexico and the groundwork for an IMF pact with Brazil, calmed the waters. No one became too concerned during the IMF sessions when Argentina called for a summit meeting between the North and South next year.

The conviction is that the "one by one" strategy is working excellently and there is no reason to change. If this had not been the case, the lending banks would probably have pressured Venezuela a bit more, but not for too long. They too desperately need to show encouraging results.

The major U.S. banks that deal with Latin America have been accused by Moody's, the organization that evaluates bank exposures, of inflating their earnings. According to these experts, if the banks had taken the minimum appropriate precautions and reservations in the face of loans in arrears or had recorded interest payments when they were actually made, their profit levels would have been much lower. Moody's cautions that repayment troubles are still on the horizon for Argentina, Brazil, Mexico and even Venezuela.

Banking and commercial circles with ties to Venezuela were notably optimistic because they felt that under this agreement the conditions for letters of credit for import transactions would return to normal. Their euphoria seems premature. Until the private debt issue is resolved (and that could take 6 months to a year), the current situation will remain unchanged.

8743

CSO: 3348/37

## VENEZUELA

### SUBSTANTIAL DECREASE IN EXCHANGE RATE NOT EXPECTED

Caracas NUMERO in Spanish 7 Oct 84 pp 14-15

[Article by Amado Fuguet V.]

[Text] A Floating Dollar at 7.5 Might be a Pipe Dream

Not even after the rescheduling should we be thinking of an ideal exchange rate, above all because the payments on the refinanced debt and the private sector debt begin in 1985 and 1986. The strategy hinges on monetary policy.

A few weeks into President Jaime Lusinchi's administration, the members of the economic cabinet explained, after charting a strategy for unifying the exchange rate in the medium term, that this would be a gradual process, culminating in late 1985, at which time all foreign exchange transactions (except the provision of dollars at the preferential rate for private debt payments) would be conducted only at the rate of 7.5 bolivars to the dollar.

On several occasions, Finance Minister Manuel Azpurua and his deputy minister, Eduardo Mayobre, gave assurances that the open-market dollar would float down to that level after our foreign debt was rescheduled and the government's new policies began reviving the economy. According to them, a free-floating dollar would also be part of an exchange rate unification.

Government officials were making these forecasts amid the astonishing rise of the U.S. currency during the first 4 months of the new administration. The dollar went as high as 16 bolivars for a few days, almost double the official target.

Some sectors feared (amid disquieting rumors) that the rise of the dollar vis-a-vis the bolivar was unstoppable. "The dollar will go to 20," mumbled some traders. It did not happen. Speculation subsided as a result of a series of steps that the Board of Directors of the Venezuelan Central Bank ordered: special reserve requirements for banks, reining in the money supply, interest rate adjustments and intervention in the open exchange market.

The dollar has been falling steadily. From its 16-bolivar peak it has dropped to below 12. The Venezuelan currency has been making a comeback with respect to the U.S. dollar.

Nevertheless, we can sense greater caution now among officials in the Central Bank, the Finance Ministry and CORDIPLAN [Office of Coordination and Planning]. They no longer defend tooth and nail, publicly at least, the view that the free-floating dollar will decline to its "real value" of 7.5 bolivars.

This indicates (Azpurua even hinted as much a few weeks ago at a luncheon with the Executives Association) that the exchange rate standardization will be limited to the controlled market and, therefore, that operations will continue on the open market, under the watchful eye of the Central Bank, of course.

Changes?

The government believes, and the view has spread throughout the nation, that the rescheduling is the main cure for our economic crisis. Now that the foreign debt has been refinanced, the argument goes, the economy can begin to grow, and confidence will increase. Mostly on the strength of greater confidence, the Lusinchi administration has indicated repeatedly, the dollar will settle down at 7.5 bolivars.

Are the government officials right? Only time will tell. And developments will depend on how economic policy is managed in the wake of the recently announced rescheduling pact.

In theory, however, the agreement with creditor banks could turn out to be a mirage. Although the agreement in itself is psychologically beneficial, it entails a quite rigid handling of external accounts, notwithstanding that the rescheduling encompasses \$20.75 billion in debts falling due up to 1988.

It is a sound policy for the government to begin paying off the debt quickly and thus to avoid backlogs that could lead to heavy repayment peaks, which in turn would prompt further reschedulings. This is why the agreement did away with the grace period and called for repayment of \$4.4 billion in interest and principal in 1985 and \$4.6 billion in 1986, 1987 and 1988.

Meeting these commitments, especially in 1985 and 1986, will clearly require a very tight foreign-exchange budget if we bear in mind that oil revenues will not be high enough to give us broad leeway; they will approach \$17 billion at the most during those years.

Some days ago, Deputy Finance Minister Mayobre, commenting on the impact of the foreign debt rescheduling, admitted that the Central Bank's international reserves would be at a critical level if they began approaching \$9 billion. Reserves have risen to \$12 billion



this year, when no payments have been made on the principal of either the public or the private debt (just interest payments have been made).

Question marks arise for 1985 and 1986, as repayment of the rescheduled public debt begins in the former and the first principal payments on the rescheduled private foreign debt fall due in the latter.

These are the two key years for the exchange rate standardization. By that time, and perhaps long before, the euphoria over the rescheduling, which has recently pushed the bolivar upwards on the open market, will have worn off.

As was mentioned, the Central Bank will not have enough foreign exchange to cope with any prolonged run on the bolivar. Due to foreign exchange requirements for debt repayments and imports, which will hopefully be higher than this year, the Central Bank will at best have little leeway for heavy dollar sales on the open exchange market.

Thus, although confidence in the country is expected to rise, a massive return of capital could be a pipe dream, inasmuch as few would venture to think, except for some officials, that the dollar will be much below 10 bolivars in 1985, much less that it will tumble to 7.5.

#### Monetary Policy

Many traders on the parallel market feel that for the last month the dollar has been at a level commensurate with the real value of the bolivar. Some even think that it ought to fall further but that there is no sense creating false hopes, inasmuch as rationally speaking the floating dollar should settle at around 30 percent over the controlled rate.

This will depend, however, on how the Central Bank conducts its monetary policy, which has been quite instrumental in the rise of the floating bolivar.

The increases in the money supply have been kept low. Although there will be an upswing in the final months of the year, according to official spokesmen, it will be very mild. One of the goals of keeping the money supply under control, in addition to dampening inflation, has been to prevent upward pressures on the dollar in the open market.

This situation should not change much in 1985. If the supply of bolivars is expanded, bank loans could be used to buy dollars. Consequently, the demand for the U.S. currency would rise and so would its value.

With funds in domestic currency available, holders of foreign exchange would not need to bring them in to exchange them for bolivars. The supply of dollars would thus dwindle, creating excess demand for them and boosting their value.

Moreover, if the money supply is expanded rapidly, domestic interest rates will drop. There would then be less competition, while the Central Bank itself, if it pursues a flexible policy, could reduce interest rates on loans. The dollar would be strengthened inasmuch as, according to the forecasts of international observers, interest rates overseas will remain high for some time. Hence, investors would not think twice about buying dollars or keeping them out of the country.

All of these developments would take place in a financial climate highly favorable to the American currency, which for most of this year has overwhelmed the other hard currencies, especially Europe's. A number of reports in specialized publications intimate that the dollar will continue to gain ground for the rest of the year and might not decline next year.

Expanding the money supply, which business has been openly calling for, would help to lift the economy out of the doldrums it has been in in recent years, but it would also push the floating dollar to unforeseeable heights.

This is the major stumbling block facing the government and the Central Bank, and it looks even more formidable today if we bear in mind that in order to counteract the upward pressure that a loose monetary policy would have on the dollar, the Central Bank would have to offer large amounts of foreign exchange. On the other hand, however, it will also have to protect its fair-haired child, our international reserves, which, regrettably, are going to dwindle because of how much it will cost, starting next year, to service our rescheduled foreign debt.

For these reasons it is wishful thinking that the money supply will expand enough in 1985 to strongly spur a recovery of our nation's production machine. On the one hand, the private sector will continue to be short of money, and on the other, public spending will be held back because interest and principal payments on the public debt will absorb most of the budget, and thus government investment will also be somewhat constrained.

If at the close of 1985 the government still contends that the floating dollar should also be included in an exchange rate standardization at 7.5, this artificial rate would mean that the Central Bank would have to absorb all of the demand on the open market, which for the aforementioned reasons is a remote possibility.

Moreover, in order to dampen downward pressure on the bolivar, the money supply would have to be reined in even further, with the far from pleasant consequences for economic recovery.

8743

CSO: 3348/37

## VENEZUELA

### ALLEGED PROLETARIANIZATION OF MIDDLE CLASS REPORTED

Caracas BOHEMIA in Spanish 24-30 Sep 84 p 52

[Article by Victor Garrido Sutil: "The Proletarianization of the Middle Class"]

[Text] If any social class is feeling the effects of the current crisis, it is the middle class.

Who among us makes up the middle class?

In these difficult times for Venezuela neither sociologists nor economists can agree on a definition of the "middle class." We would also have to differentiate very clearly between the three subdivisions of this social class: upper middle, middle middle and lower middle.

Until a short while ago, social mobility had been upward. That is to say, the children of lower middle class families, if they got a college education, could readily hope to join the ranks of higher social classes.

At present, owing to the drop in the buying power of wages, the trend is in the other direction. The child of an upper middle class family is often unable to maintain his parents' lifestyle and is forced into a lower social class, with the resulting feeling of frustration.

In past decades, it was a privilege to belong to the middle class. A college degree assured a person of achieving a relatively comfortable station in life. It is a secret to no one that in the 1960's a salary of 5,000 bolivars bought a home with all the conveniences, one or two cars per family, a private education for the children, with enough left over to take care of family health care problems.

The picture is completely different today. A "well-paid" professional (between 8,000 and 12,000 bolivars a month) cannot hope to have even half of what a member of the middle class expected in the past.

Today, it takes at least 7 to 15 years of saving to come up with the down payment on a 100-square meter apartment in a decent neighborhood; cars and a private education are unaffordable, and surgery could put a huge dent in a family's annual budget.

#### Revamping the Bureaucracy

At the outset of our democracy, the agencies that were set up to redistribute oil revenues logically and fairly sought to subsidize exclusively the most neglected classes of society. The former Workers Bank, today called INAVI [National Housing Institute], was created to build housing for the least well-off classes; Social Security and the Health Ministry's hospitals have been utilized mostly by low-income individuals. Corpomercadeo has justified its enormous losses with the argument that it is subsidizing food for the lower classes. We agree that an attempt should always be made to help the neediest among us, but we have forgotten about the middle class, which is bearing the brunt of the sacrifice that all Venezuelans are making today to surmount the crisis. The middle class demands that the government take it into account in policy-making, not so it can buy luxuries but so that it can afford such necessary things as housing, education, health care and food.

The redistribution of oil revenues must include support for all of the middle class Venezuelans who are continually frustrated because they are unable to meet their basic needs, which they could easily meet before without needing government aid.

Because it lacks an organization like those of the workers (the CTV [Confederation of Venezuelan Workers]), the peasants (Peasant Federation), businessmen (FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry]) and merchants (CONSECOMERCIO), the middle class is not represented on the National Commission of Costs, Prices and Wages (CONACOPRESA). The CTV, FEDECAMARAS and the administration sit on this commission. The arrangements that they work out will always be to their liking and to the detriment of the middle class's interests.

#### Urgent Need to Organize

The only way to halt the proletarianization of the middle class is to organize ourselves combatively and to demand input in decision-making. Neighborhood Associations such as the Federation of Urban Associations and Communities and the National Alliance of Consumers must speak out, and a confederation of the various professional associations must play a leading role in defending the interests of the professional middle class.

The "15 million consumers" are relying on the organization of the middle class, inasmuch as their interests are closely bound together in the struggle to bring down the cost of living and defend the purchasing power of our wages.

TERMS OF FOREIGN DEBT REFINANCING AGREEMENT PRAISED

Caracas BOHEMIA in Spanish 1-7 Oct 84 p 5

[Editorial: "Bravo!"]

[Text] The rescheduling of Venezuela's crushing foreign debt is the best news that President Jaime Lusinchi and his administration have given us, though the best thing would have been not to have contracted this huge financial burden in the first place.

The terms of the rescheduling offer several innovations and one precedent. The innovations consist of the debt repayment conditions: interest installments, no rescheduling fees and sizable principal payments during the current administration's term, with no postponements to subsequent administrations. This means that the governments that succeed Dr Lusinchi's will not inherit a millstone.

The very important precedent in the rescheduling agreement that the government has secured has to do with the International Monetary Fund. For the first time an underdeveloped country in debt has not accepted a priori the fund's demands as a condition for creditor banks to at least agree to undertake rescheduling talks. Mexico had to accept them, and so did Brazil before that, for example.

Acceptance of the IMF conditions would have had two very grave consequences. There would have been adverse social developments such as those in the Southern Cone, and the administration would have been damaged politically because it would have been accused of "giving in" to the IMF, with all that that implies.

The fact is that the Lusinchi administration, acting responsibly and sensibly, had already on its own reined in government spending and cut back onerous subsidies, steps that coincide with some of the IMF's recommendations. It did not freeze wages, however, nor did it open the door to an unfettered and indiscriminate inflow of foreign goods, which are key points in the IMF's monetarist approach.

All public opinion segments agree that the terms that the Venezuelan negotiating team secured are good, though not ideal of course. But compared to what Mexico and other countries got, our country, which fortunately can afford it, will be able to pay back its debt without incurring a depressing social cost of unpredictable political effects.

The point bears emphasizing: the debt hurts, just like a biologically inherited disease; but the government did in a short time what it could. And it did a good job.

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**DATE FILMED**

13 Nov 1984